

# OPEN MEETING ITEM

**COMMISSIONERS**  
BOB STUMP – Chairman  
GARY PIERCE  
BRENDA BURNS  
BOB BURNS  
SUSAN BITTER SMITH



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ARIZONA CORPORATION COMMISSION

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ARIZONA CORPORATION COMMISSION  
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TO ALL PARTIES:

**ORIGINAL**

Enclosed please find the recommendation of Administrative Law Judge Sarah Harpring. The recommendation has been filed in the form of an Opinion and Order on:

## ARIZONA CORPORATION COMMISSION (RULEMAKING)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

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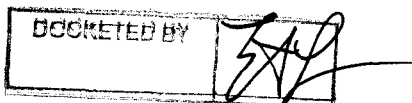
The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

SEPTEMBER 9, 2014 AND SEPTEMBER 10, 2014

For more information, you may contact Docket Control at (602) 542-3477 or the Hearing Division at (602) 542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

Arizona Corporation Commission  
**DOCKETED**

AUG 27 2014



*Jodi A. Jerich*  
JODI JERICH  
EXECUTIVE DIRECTOR

1200 WEST WASHINGTON STREET; PHOENIX, ARIZONA 85007-2927 / 400 WEST CONGRESS STREET; TUCSON, ARIZONA 85701-1347  
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This document is available in alternative formats by contacting Shaylin Bernal, ADA Coordinator, voice phone number 602-542-3931, E-mail [SABernal@azcc.gov](mailto:SABernal@azcc.gov).

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 BOB STUMP - Chairman  
4 GARY PIERCE  
5 BRENDA BURNS  
6 BOB BURNS  
7 SUSAN BITTER SMITH

8 IN THE MATTER OF THE PROPOSED  
9 RULEMAKING TO MODIFY A.A.C. R14-2-103 TO  
10 UPDATE THE UTILITY CLASSIFICATIONS.

DOCKET NO. RU-00000A-13-0294

DECISION NO. \_\_\_\_\_

11 **OPINION AND ORDER**

12 DATES OF HEARING: June 9 and 12, 2014

13 PLACES OF HEARING: Tucson and Phoenix, Arizona

14 ADMINISTRATIVE LAW JUDGE: Sarah N. Harpring

15 APPEARANCES: Ms. Bridget A. Humphrey and Mr. Matthew Laudone,  
16 Staff Attorneys, Legal Division, on behalf of the  
17 Utilities Division of the Arizona Corporation  
18 Commission.

19 **BY THE COMMISSION:**

20 This matter is a rulemaking that would amend Arizona Administrative Code ("A.A.C.") Title  
21 14, Chapter 2, Article 1, specifically A.A.C. R14-2-103 ("Rule 103"), by changing the revenue  
22 thresholds used by the Arizona Corporation Commission ("Commission") for classification of  
23 utilities. This rulemaking, as proposed, would not change any other provisions within Rule 103 or  
24 any other Commission rule provisions that differentiate between utilities based upon their  
25 classifications.

26 \* \* \* \* \*

27 Having considered the entire record herein and being fully advised in the premises, the  
28 Commission finds, concludes, and orders that:

**FINDINGS OF FACT**

**Process for this Rulemaking**

1. At its Staff Meeting held on March 12, 2013, the Commission discussed two separate

1 agenda items relevant to this rulemaking: (1) possible approaches to updating the Public Utility  
2 Holding Companies and Affiliated Interest Rules (A.A.C. R14-2-801 through R14-2-806)  
3 ("Affiliated Interest Rules") and possible next steps for further consideration of Affiliated Interest  
4 Rules revisions, and (2) possible approaches to shortening processing times for rate cases.<sup>1</sup>

5       2.       Regarding the Affiliated Interest Rules, Commissioner Brenda Burns expressed a  
6 desire to eliminate requirements that have resulted in routine requests for waivers, which are  
7 generally granted through the consent agenda, but which present a burden to the Commission's  
8 Utilities Division ("Staff"). Steve Olea, Staff Director, suggested that this could be addressed either  
9 by revising and narrowing the Affiliated Interest Rules themselves, which he said were originally  
10 interpreted very narrowly but are now being applied to "just about anything a company does," or by  
11 changing the Rule 103 revenue threshold for Class A utilities, the only utilities to which the Affiliated  
12 Interest Rules apply. Mr. Olea noted that the dollar is different now than when the Rule 103 revenue  
13 thresholds were originally adopted. Commissioner Brenda Burns asked for Staff to "do that." No  
14 vote was taken.

15       3.       Regarding rate case processing, Commissioner Brenda Burns expressed concern  
16 because she had heard that multiple rounds of testimony and briefs were duplicative, she was unsure  
17 whether all current steps were necessary, and she was concerned about both the time and the  
18 expenses involved with rate cases. The Hearing Division was requested to speak to the issue. Lyn  
19 Farmer, Chief Administrative Law Judge ("ALJ") and Director of the Hearing Division, explained  
20 that the timing of companies' rate applications, and thus caseloads, are not within the Commission's  
21 control and that the Commission had recently been authorized to hire more ALJs, who would need  
22 time and training to be ready to preside over rate cases. ALJ Farmer also explained that the  
23 procedural schedules for rate cases are set by working backwards from the deadline set by the  
24 Commission's time clock rules, while trying to ensure adequate time for development of a full  
25 evidentiary record, for deliberation and preparation of a Recommended Opinion and Order ("ROO"),  
26 and for the Commission to reach its decision. ALJ Farmer also asserted that requiring pre-filed

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28 <sup>1</sup> Official notice is taken of the discussions at the Staff Meeting of March 12, 2013, of which an audio recording is  
available on the Commission's website.

1 testimony has resulted in shorter hearings because issues are narrowed and resolved through  
2 responsive testimony. ALJ Farmer suggested that the new streamlined cooperative ratemaking  
3 process under A.A.C. R14-2-107 ("Rule 107") might provide valuable information about how to  
4 improve general ratemaking processes. Mr. Olea stated that some larger companies<sup>2</sup> had been able to  
5 expedite their ratemakings by coming in to discuss their rate cases with Staff weeks before filing their  
6 applications and also by providing answers up front to the questions that Staff would have asked in its  
7 Initial Data Request.<sup>3</sup> Mr. Olea said that filing this information up front "saves a lot of time."  
8 Commissioner Gary Pierce stated that orders have been moving quickly at Open Meeting ("OM")  
9 because they are strong orders that contain all of the necessary information and, further, that he had  
10 not heard a company complain for a long time that data requests are something used by Staff only for  
11 delay. Commissioner Pierce also stated that he believes some companies take more time than they  
12 need to file their testimony because the schedule allows for it, and he suggested that the Commission  
13 look at its time frames. Commissioner Bob Burns expressed support for having utilities do more up-  
14 front work and asked what kind of effort the Commission could undertake to communicate to utilities  
15 that the process moves quicker, particularly for water companies, when more up-front work is done  
16 and to encourage utilities to do more up-front work. Jodi Jerich, Commission Executive Director,  
17 stated that she was aware of some water companies that had done up-front meetings and that, while  
18 there was still room for improvement, the Commission was on the right path, having obtained budget  
19 increases for more full-time employees, having completed a new hearing room to minimize  
20 scheduling conflicts, and having recently been the subject of very positive statements made in  
21 financial trade publications. No vote was taken, and Staff was not specifically directed to complete  
22 any tasks for this item.

23 4. At its Staff Meeting held on August 29, 2013, the Commission considered whether to  
24 open a docket to initiate a rulemaking to modify Rule 103 by updating the revenue thresholds for  
25 utility classifications.<sup>4</sup> Mr. Olea provided potential revenue threshold numbers and explained that the

26 <sup>2</sup> Mr. Olea identified the companies as Arizona Public Service Company ("APS"), Tucson Electric Power ("TEP"),  
27 and Southwest Gas Corporation.

28 <sup>3</sup> Mr. Olea stated that these are normal data requests that include up-front questions that Staff always asks.

<sup>4</sup> Official notice is taken of the discussions at the Staff Meeting on August 29, 2013, of which an audio recording is available on the Commission's website.

1 numbers selected were higher than what would be needed simply to adjust for inflation.<sup>5</sup> Mr. Olea  
2 and Janice Alward, Chief Attorney for the Commission's Legal Division, both asserted that they  
3 believed the rulemaking would be authorized by the Commission's constitutional ratemaking  
4 authority. Ms. Alward stated that this would only affect the final stages of the Commission's  
5 rulemaking process, because the rulemaking would not need to be submitted to the Attorney General  
6 for certification. The Commission voted to open a rulemaking docket.

7       5.     On September 3, 2013, the Commission's Legal Division filed a memorandum  
8 requesting, on behalf of the Commission, that a docket be opened for a rulemaking to modify Rule  
9 103 to update the utility classifications. As a result, this docket was opened.

10       6.     On September 19, 2013, Staff issued a letter, directed to Arizona utilities and other  
11 interested stakeholders, setting forth both the revenue thresholds for utility classification currently  
12 included in Rule 103 and Staff's potential revenue thresholds for utility classification, along with an  
13 invitation for Arizona utilities and other interested stakeholders to provide, by October 18, 2013,  
14 comments on whether the classification thresholds in Rule 103 should be modified and, if so, in what  
15 manner. The letter did not include a service list identifying the utilities and other stakeholders to  
16 whom it had been sent.

17       7.     On October 7, 2013, comments were filed by Beaver Dam Water Company.

18       8.     On October 16, 2013, comments were filed by Southwestern Utility Management, Inc.

19       9.     On October 18, 2013, comments were filed by Desert Mountain Analytical Services  
20 PLLC and also by Aguila Water Services, Inc.

21       10.    On October 21, 2013, comments were filed by Liberty Utilities.

22       11.    On two occasions, in January and February 2014, representatives from Staff, the  
23 Hearing Division, and the Legal Division met and discussed Hearing Division concerns related to this  
24 rulemaking.

25       12.    On February 24, 2014, Staff filed a Memorandum requesting that the service list for  
26 this docket be updated to include companies that are regulated by the Commission. The service list

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28 <sup>5</sup> Mr. Olea recalled having been told that inflation alone would bring the Class A revenue threshold to approximately  
\$8 million, which he rounded up to \$10 million.

1 attached included names and addresses for approximately 539 utilities.

2 13. Also on February 24, 2014, Staff issued another letter directed to Arizona utilities and  
3 interested stakeholders, with content substantially similar to the September 19, 2013, letter. The  
4 letter stated that the September 2013 letter had been sent only to Arizona utilities, that Staff also  
5 desired input from interested stakeholders, and that Staff was emailing the new letter to the list of  
6 stakeholders to whom notice of upcoming Commission OMs is routinely sent.<sup>6</sup> The letter requested  
7 that comments and recommendations be filed by March 12, 2014.

8 14. In approximately February 2014, Staff communicated with the Residential Utility  
9 Consumer Office ("RUCO"), to ensure that RUCO was aware of Staff's potential revenue thresholds  
10 and of this docket. Per Staff, RUCO indicated that it was aware of the potential rulemaking and had  
11 no objections to it.

12 15. On March 24, 2014, Staff filed a Memorandum describing Staff's recommended  
13 modifications to Rule 103 and the comments that had been received from utilities and other  
14 stakeholders in response to Staff's letters, along with a proposed Order intended for Commission  
15 consideration at the OM scheduled for April 8 and 9, 2014. In its filing, Staff recommended that the  
16 Commission move forward with the rulemaking by authorizing Staff to file both a Notice of  
17 Rulemaking Docket Opening ("NRDO") and a Notice of Proposed Rulemaking ("NPRM") with the  
18 Office of the Secretary of State, directing the Hearing Division to hold oral proceedings in Tucson  
19 and Phoenix to receive public comment on the NPRM, and establishing a requested deadline for the  
20 filing of comments on the NPRM.

21 16. On April 4, 2014, Staff filed Staff Proposed Amendment No. 1, proposing a number of  
22 revisions to Staff's Memorandum and proposed Order filed on March 24, 2014. The revisions in the  
23 amendment were designed to make the Memorandum and proposed Order more clear, concise, and  
24 understandable and to provide notice that Staff believed that Attorney General review would not be  
25 required for the rulemaking.

26 17. At the OM on April 8, 2014, the Commission discussed and adopted Staff's proposed  
27

28 <sup>6</sup> The subject line for the letter indicated that it was an electronic letter for email blast.

1 Order, as amended by Staff Proposed Amendment No. 1. No members of the public provided  
2 comment at the OM.

3 18. On April 18, 2014, the Commission issued Decision No. 74436, directing Staff to file  
4 with the Office of the Secretary of State, by April 18, 2014, for publication in the *Arizona*  
5 *Administrative Register* by May 9, 2014, an NRDO and an NPRM including Staff's recommended  
6 changes to Rule 103. The Decision directed the Hearing Division to hold oral proceedings on June 9  
7 and June 12, 2014, in Tucson and Phoenix, respectively, to receive public comment on the NPRM.  
8 The Decision also requested that interested parties file written comments concerning the NPRM by  
9 June 13, 2014, and provide oral comments at the scheduled oral proceedings.

10 19. On April 22, 2014, Staff filed a copy of the rulemaking documents that had been filed  
11 with the Office of the Secretary of State on April 18, 2014.

12 20. On May 9, 2014, the NRDO and NPRM were published in the *Arizona Administrative*  
13 *Register*. A copy of the NRDO and NPRM, as published, is attached hereto and incorporated herein  
14 as Exhibit A.

15 21. On June 9 and 12, 2014, oral proceedings were held as scheduled before a duly  
16 authorized ALJ of the Commission at the Commission's offices in Tucson and Phoenix. Staff  
17 appeared through counsel, and John LeSueur, Staff Assistant Director, provided a statement and  
18 responded to questions on behalf of Staff. No members of the public attended to provide comment in  
19 Tucson. In Phoenix, supportive comments were provided by Karen Nally of Camp Verde Water  
20 System, Incorporated and Tim Sabo of Roshka DeWulf & Patten.<sup>7</sup> During the oral proceedings, Staff  
21 was instructed to make additional filings, including a summary of all of the written and oral  
22 comments received on the proposed rule since May 9, 2014, along with Staff's responses thereto; an  
23 economic, small business, and consumer impact statement ("EIS") modeled after A.R.S. § 41-1055;  
24 and what was referred to as a set of "standard data requests."<sup>8</sup>

25 22. On July 3, 2014, Staff filed a Memorandum including a list of data requests  
26 "frequently issue[d] in rate cases." That list is attached hereto and included herein as Exhibit B.

27  
28 <sup>7</sup> Mr. Sabo did not appear on behalf of any particular client.

<sup>8</sup> This was a reference to the initial data request that Mr. Olea had stated Staff issues in rate cases.

23. On July 11, 2014, Staff filed a Staff Report including Staff's EIS and Staff's summary of (and responses to) the oral comments<sup>9</sup> received after the NPRM was published on May 9, 2014.

### Description of the Rule Changes

24. The proposed rulemaking has a very narrow focus in terms of the direct changes made to the Commission's rules, with the only alterations being to the numbers included within a single table appearing in Rule 103(A)(3)(q), specifically within the definition of "utilities" as used in Rule 103. No changes have been proposed to the remaining language of Rule 103. The complete text of the current Rule 103 (excluding the Appendix of illustrative schedules) is attached hereto and incorporated herein as Exhibit C.

25. The current Rule 103 and NPRM-proposed annual intrastate operating revenue thresholds for classification of utilities are as follows:

Electric, Gas, Water, Sewer		
Class	Current	Proposed
A	> \$5 Million	> \$10 Million
B	\$1 Million to \$5 Million	\$3 Million to \$10 Million
C	\$250,000 to \$999,000	\$ 1 Million to \$2,999,999
D	\$50,000 to \$249,999	\$250,000 to \$999,999
E	< \$50,000	< \$250,000
Telephone		
Class	Current	Proposed
A	> \$1 Million	> \$10 Million
B	\$250,000 to \$1 Million	\$3 Million to \$10 Million
C	\$100,000 to \$249,000	\$ 1 Million to \$2,999,999
D	\$25,000 to \$99,999	\$250,000 to \$999,999
E	< \$25,000	< \$250,000

<sup>9</sup> No written comments were received after the NPRM was published.



26. As is seen in the comparison chart above, the proposed changes to Rule 103 would substantially increase the revenue thresholds for each classification. Additionally, the proposed changes would make uniform the revenue thresholds across the different types of utilities—by bringing telephone utilities to the same levels as electric, gas, water, and sewer utilities.

#### **Reasons for the Rulemaking**

27. In the NPRM, Staff stated that the proposed changes are necessary to update the annual in-state operating revenue thresholds used to classify utilities, which thresholds have not been updated since their adoption in May 1992. Staff also stated that “[p]roponents of the proposed rule changes believe they will reduce regulatory lag, streamline Commission processes and reduce rate case expense.”

28. During the oral proceedings for this rulemaking, Staff explained that the rulemaking was commenced as directed by the Commission at its Staff Meeting.

29. Staff’s Director, Mr. Olea, selected the proposed new revenue thresholds, which are the same as those proposed in Staff’s initial letter to utilities in September 2013, with the goal of accounting for inflation and also having round numbers that would be easy to use. Staff did not use a direct formula to determine the new threshold numbers. At the April 8, 2014, OM, Mr. Olea noted that although the proposed numbers were not determined by applying inflation rates, the existing numbers are not “sacrosanct,” as it is unclear how those numbers were determined.<sup>10</sup>

30. During the discussion of this matter at the April 8, 2014, OM, Commissioners stated that the rulemaking was expected to result in reduced rate case expenses for utilities and also in reduced expenses for those utilities that would no longer be required to comply with the Affiliated Interest Rules.

#### **Reclassifications Resulting from the Rule Change**

31. Staff determined that the proposed rule change would reclassify utilities within each

<sup>10</sup> Official notice is taken of the discussions of this matter at the Open Meeting of April 8, 2014, of which audio and video recordings are available on the Commission’s website.

Class as follows:<sup>11</sup>

	Current Breakdown by Class					New Breakdown by Class				
	A	B	C	D	E	A	B	C	D	E
<b>Electric</b>	11	3	2	0	0	11	2	1	2	0
<b>Gas</b>	3	2	2	0	0	2	2	1	2	0
<b>Water</b>	8	23	45	75	64	5	8	18	45	139
<b>Sewer</b>	4	7	6	12	6	4	2	5	6	18
<b>Telephone</b>	35	25	8	27	127	12	6	17	25	162
<b>Total</b>	<b>61</b>	<b>60</b>	<b>63</b>	<b>114</b>	<b>197</b>	<b>34</b>	<b>20</b>	<b>42</b>	<b>80</b>	<b>319</b>

This represents a dramatic redistribution of utilities by classification, particularly for smaller utilities, as the rule change would result in an additional 122 Class E utilities, bringing the percentage of Class E utilities to 64.44 percent (instead of 39.80 percent) of all utilities. The increase in Class E utilities is notable across the water, sewer, and telephone industries, but is probably most significant for the water industry, which will see the percentage of Class E utilities increase from 29.77 percent to 64.65 percent of all water utilities.<sup>12</sup> The reclassification of the utilities per se is simply relabeling—it is the interaction between a utility's classification and the Commission's other rule requirements, discussed below, that creates the actual impact.

32. Staff identified the following utilities as those that would no longer be classified as Class A if the rulemaking were adopted:

<b>Gas</b>	Alliant Gas-Payson Division
<b>Water</b>	Chaparral City Water Company Far West Water & Sewer Company Valencia Water Co., Inc. – Towne Division
<b>Telephone</b>	XO Communications Services, LLC Granite Telecommunications, LLC TCG Phoenix Eschelon Telecom of Arizona, Inc. McLeodUSA Telecommunications Services, L.L.C. Level 3 Communications, LLC WilTel Communications, LLC Time Warner Cable Information Services (Arizona), LLC Neutral Tandem-Arizona, LLC Mountain Telecommunications of Arizona, Inc.

<sup>11</sup> Staff noted that these numbers do not include approximately 150 utilities that failed to file their 2012 annual reports. Based upon prior Decisions in which the Commission has issued Orders to Show Cause for failure to file annual reports, these utilities are more likely to be small utilities than large utilities. (See, e.g., Decision No. 72239 (April 7, 2011).)

<sup>12</sup> The increase in Class E telephone utilities would not be as impactful because the Commission generally does not conduct rate cases for competitive telephone utilities.

1	Frontier Communications of the Southwest Inc.
2	Global Crossing Telecommunications, Inc.
3	Table Top Telephone Company, Inc.
4	PNG Telecommunications, Inc.
5	MCImetro Access Transmission Services, L.L.C.
6	Copper Valley Telephone, Inc.
7	Southwestern Telephone Company
8	Gila Local Exchange Carrier
9	Mitel NetSolutions, Inc.
10	Valley Telephone Cooperative Inc.
11	IntelePeer, Inc.
12	Metropolitan Telecommunications of Arizona, Inc.
13	BullsEye Telecom, Inc.

### **Other Rule Provisions Using Rule 103 Classifications**

33. At the April 8, 2014, OM, Staff stated that the primary impacts of the proposed new thresholds would come through interactions with other Commission rule requirements that use utility classifications, specifically the Affiliated Interest Rules, the Electric Energy Efficiency Standards rules (R14-2-2401 through R14-2-2419) and the Gas Utility Energy Efficiency Standards rules (R14-2-2501 through R14-2-2520) (collectively the "Energy Efficiency Rules"), and the Electric or Natural Gas Cooperative Alternative Rate Application Filing Requirements and Process rule (R14-2-107) ("Cooperative Ratemaking Rule" or "Rule 107"). Staff also acknowledged that the new classifications would change some utilities' rate case filing requirements and the length of time the Commission has to complete some utilities' rate cases, pointing out that more than half of Arizona's utilities would be reclassified to Class E.

### **Affiliated Interest Rules**

34. The Affiliated Interest Rules apply only to Class A investor-owned utilities.

### **Energy Conservation Plans and Updates**

35. The Commission's rules for Electric Utilities and Gas Utilities (A.A.C. R14-2-213 and R14-2-313, specifically) require only Class A and B electric and gas utilities to file energy conservation plans and updates.

### **Energy Efficiency Rules**

36. The Commission's Energy Efficiency Rules apply only to Class A electric and gas utilities.

1 Rate Case Filings

2 37. Rule 103(A)(3)(g), in the definition of "filing," requires all Class A and B utilities and  
3 all Class C electric and gas utilities to include, as part of their rate filings, direct testimony in support  
4 of their rate applications. Class C water, sewer, and telephone utilities and all Class D and E utilities  
5 are required instead to include a written description of the components of the application.

6 38. Rule 103(B)(1) uses utility classifications to establish rate case filing requirements for  
7 Class A, B, C, and D utilities. The table following Rule 103(B)(1) lists each filing requirement, the  
8 classes to whom the requirement applies, and a reference to the corresponding illustrative schedule  
9 included in the Rule 103 Appendix. Although the table and Appendix schedules use "All classes" to  
10 identify applicability for many of the filing requirements, "All classes" in this context means all  
11 Classes other than Class E. Rule 103(B)(1) expressly applies only to Class A, B, C, and D utilities.

12 39. Rule 103(B)(2) uses utility classifications to establish the rate case filing requirements  
13 specific to Class E utilities. The information required to be included in a Class E utility rate case  
14 filing is minimal, consisting of the following:

- 15 a. A statement of income for the test year,
- 16 b. A balance sheet as of the end of the test year,
- 17 c. Utility account balances as of the end of the test year,
- 18 d. An estimate of new investment in utility plant to be added in the projected  
19 year, and
- 20 e. A schedule of current and proposed rates and the additional revenues to be  
21 derived from the proposed rates.

22 Rule 103(B)(2) does not require submission of billing determinants or any invoices and does not  
23 require identification of any pro forma adjustments made or requested.

24 40. Rule 103(B)(9) uses utility classifications to impose different standards for the  
25 rounding of numbers used in rate case filings and for the labeling of the schedules included in a filing  
26 (Class A, B, C, and D utilities must label their schedules using the same numbering scheme as is used  
27 in the Rule 103 Appendix).

### Rate Case Processing Time Frames

41. Rule 103(B)(11) establishes the Commission's "time clock" for processing rate cases, using utility classifications to establish different deadlines for the completion of rate case processing tasks ("time frames"), with the start date for calculating the deadline for the following major tasks being the date that the rate case filing was "accepted" by Staff, either through issuance of a notice of sufficiency within 30 days after the rate case filing or failure to issue any notice within 30 days after the rate case filing:<sup>13</sup>

Task	Days Permitted, by Class				
	A	B	C	D	E
Scheduling Order Issued	30	30	30*	n/a	n/a
Staff Report/Testimony Filed**	180	180	135	75	60
Final Order Issued	360	360	270	180	120
* For Class C utilities, scheduling orders are only required for electric and gas utilities.					
** This is the deadline "[u]nless otherwise ordered by the Commission." (Rule 103(B)(11)(b).)					

42. Rule 103(B)(11)(c) also imposes a requirement for the Hearing Division to issue its ROO for a utility rate case at least 20 days (for a Class A utility) or 10 days (for a Class B, C, D, or E utility) before the last regularly scheduled open meeting within the time period permitted for the Commission to issue its Final Order per the time clock.

### Rule 107 Rate Case Process

43. Rule 107 establishes that only Class A, B, and C electric and gas cooperatives are eligible to use the Rule 107 streamlined ratemaking process. Rule 107 also differentiates between classes of utilities in establishing the schedule for the streamlined process, as Staff must complete the Staff Report for a Class C cooperative 25 days earlier than for a Class A or B cooperative.

### Accounting Standards

44. Additionally, the following Commission rules require utilities to maintain their books and records in conformity with specified accounting standards for Class A, B, C, and D utilities:<sup>14</sup>

<sup>13</sup> Rule 103(B)(7) creates the 30-day period Staff is provided to review and determine the compliance of a rate case filing, and then issue a notice of sufficiency or deficiency, regardless of the Class of utility involved. An application is deemed accepted as of the 31st day if Staff fails to issue a notice.

<sup>14</sup> The rules referenced here do not clarify whether the Commission's classifications are to be used to determine which accounting standard is to be met by a utility or whether it is the classification used by the entity promulgating the Uniform

- a. A.A.C. R14-2-212(G)(2) requires each electric utility to maintain its books and records in conformity with the Uniform System of Accounts for Class A, B, C, and D electric utilities as adopted and amended by the Federal Energy Regulatory Commission ("FERC") or, for electric cooperatives, as promulgated by the Rural Utilities Service ("RUS");
- b. A.A.C. R14-2-312(G)(2) requires each gas utility to maintain its books and records in conformity with the Uniform System of Accounts for Class A, B, C, and D gas utilities as adopted and amended by FERC;
- c. A.A.C. R14-2-412(D)(2) requires each water utility to maintain its books and records in conformity with the National Association of Regulatory Utility Commissioners ("NARUC") Uniform System of Accounts for Class A, B, C, and D water utilities;
- d. A.A.C. R14-2-510(G)(2) requires each telephone utility to maintain its books and records in conformity with the Uniform System of Accounts for Class A, B, C, and D telephone utilities as adopted and amended by the Federal Communications Commission ("FCC") or, for telephone cooperatives, as promulgated by the Rural Electrification Administration ("REA"); and
- e. A.A.C. R14-2-610(D)(2) requires each sewer utility to maintain its books and records in conformity with the NARUC Uniform System of Accounts for Class A, B, C, and D sewer utilities.

#### **Additional Information from Staff**

45. At the oral proceedings for this matter, in response to ALJ inquiries, Staff provided the following information:

- a. Staff currently makes a short form rate case application available to Class D and E water utilities through policy, not because it is required by rule, and Staff intends to continue allowing Class D and E water utilities (*i.e.*, those

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System of Accounts that is to govern the standard to be met. Because the revenue thresholds established by the Commission in its rules and established by the various Uniform Systems of Accounts are not the same, this can create confusion.

1 utilities classified as Class D and E under the proposed new revenue  
2 thresholds) to use the short form application.<sup>15</sup> A copy of the current short  
3 form application, available on the Commission's website, is attached hereto  
4 and incorporated herein as Exhibit D.

5 b. Staff would always allow a Class D or E water utility to choose to use the rate  
6 case filing requirements of Rule 103 rather than using the short form  
7 application, if the utility prefers to do so.

8 c. Staff recognizes that there are pros and cons to having shorter time frames  
9 apply to utilities' rate cases—while streamlining rate cases can reduce  
10 administrative costs for utilities, something that the Commission has expressed  
11 an interest in doing, shorter time frames place a greater burden on Staff by  
12 requiring Staff to process the rate cases more quickly.

13 d. Staff will need to file the initial Staff Report for a number of utilities in a  
14 shorter amount of time than it has previously done because more utilities will  
15 be classified as Class D and E, for which shorter time frames apply, and Staff  
16 intends to comply with the time frame requirements for Staff Reports found in  
17 Rule 103 (i.e., the time clock rule).

18 e. A.R.S. § 40-250 generally requires a hearing to be held for the rate case of a  
19 utility with annual in-state operating revenue of \$250,000 or more (including  
20 requested rate relief).<sup>16</sup>

21 f. Staff understands that A.R.S. § 40-250 requires hearings to be held for utilities

22 <sup>15</sup> This represents a big expansion of the utilities that are eligible to use the short form application, as that eligibility is  
23 currently limited to those utilities with annual intrastate revenues below \$250,000, and this would allow use of the short  
form application by utilities with annual intrastate revenues (including requested rate relief) of up to \$999,999.

24 <sup>16</sup> A hearing is not required if the utility is a telecommunications corporation or a member-owned nonprofit cooperative  
25 corporation. (See, e.g., Decision No. 57875 (May 18, 1992), in which the Commission adopted the current version of  
Rule 103 and stated the following:

26 A.R.S. § 40-250(A) provides, in pertinent part, that "The showing before the commission by a public  
27 service corporation with gross operating revenues derived from interstate operations of less than two  
hundred fifty thousand dollars, including the requested rate relief, . . . may be made with or without a  
hearing. . . ." Thus, under this statute, a utility is eligible to receive a rate change without a hearing if the  
sum of its annual operating revenues and requested rate relief is less than \$250,000. The proposed  
classifications reflect this statutory provision by using \$250,000 as the break point between classes.

28 (Decision No. 57875 at Att. B at 8.))

1 with annual in-state revenues of \$250,000 or more, including newly classified  
2 Class D utilities, and Staff is hiring more personnel and will do its best to  
3 accommodate the needs of the Hearing Division and the processing of the rate  
4 cases for those newly classified Class D utilities. Staff hopes to be able to file  
5 its Staff Reports for newly classified Class D utilities earlier than required by  
6 the time clock rule, and will address its ability to do so as needed whenever a  
7 scheduling order is issued in a Class D rate case.

8 g. At the time of the oral proceedings for this rulemaking, Staff's Financial and  
9 Regulatory Accounting Group ("FRA") had between three and five  
10 vacancies;<sup>17</sup> its Engineering Group had one electrical engineer vacancy and  
11 was soon to have a water/wastewater engineer vacancy; and Staff overall had  
12 approximately 58 or 59 out of 65 total positions filled. Mr. LeSueur reported  
13 that this represented a better staffing level for FRA than had existed during the  
14 past five years.

15 h. The Rule 103 rate case filing requirements do not require Class E utilities to  
16 file bill counts and therefore are not adequate to allow Staff to complete a Staff  
17 Report. Staff needs bill counts to create a rate design and has been addressing  
18 this deficiency by requiring bill counts to be submitted with the short form  
19 application and through data requests. Staff intends to continue addressing the  
20 deficiency in this manner going forward.

21 i. Staff considered whether it would be appropriate at this time to make other  
22 revisions to Rule 103, or other rules, to address issues such as the lack of a bill  
23 count filing requirement for Class E rate cases. Staff believes that it was given  
24 a specific direction to update the revenue thresholds and, therefore, did not  
25 undertake a more comprehensive review or revision of Rule 103 to address any  
26 perceived deficiencies at this time.

27  
28 <sup>17</sup> Official notice is taken that FRA is currently authorized to have 12 full time employees. (Commission Business Office, August 19, 2014.)



1 j. Staff issues data requests in many, if not most, of its rate cases and has  
2 developed initial data requests that are used frequently, if not in every case,  
3 and are generally uniform across utility Classes. Staff's initial data requests  
4 are attached hereto as Exhibit B.<sup>18</sup>

5 k. Staff did not, specifically for this rulemaking, analyze how much time Staff  
6 spends obtaining additional information through data requests. But Staff  
7 continuously evaluates its processes.

8 l. When asked whether Staff would benefit if Rule 103 were amended to require  
9 utilities to submit the information requested in Staff's initial data requests or to  
10 require Class E utilities to submit bill counts, Mr. LeSueur responded as  
11 follows:

12 [MR. LeSUEUR:] Not if it requires a substantial change. So if the  
13 Commission wanted to engage in an extensive review of Rule 103  
14 requirements and bring them up to date and include typical data  
requests in the proposed rulemaking, certainly I think that there is  
some merit to do that.

15 In this case, with this rulemaking, Staff was asked to look  
16 at a narrowly targeted updating of the revenue thresholds. And  
that's what we have before us. And so in this case, I don't think it  
would be advantageous to include more extensive revisions to Rule  
103.

17 ALJ HARPRING: And is that simply because of the delay that  
18 might be involved with that?

19 MR. LeSUEUR: Yes.

20 m. Staff asserts that the proposed revisions to the classification thresholds are in  
21 the public interest. Although Staff recognizes that there are trade-offs—  
22 increasing the urgency on Staff and strain on Staff resources in exchange for  
23 potentially reducing rate case expense, especially for small utilities—on the  
24 whole and on the balance, Staff believes that the proposed rule is in the public  
25 interest to accommodate utilities' interests, particularly because Staff believes  
26 that rate case expense "can be significant enough to cause a small utility not to  
27 want to file a rate case, which often is what is desperately needed."<sup>19</sup>

28 <sup>18</sup> These are the data requests filed in this docket by Staff on July 3, 2014.

<sup>19</sup> Tr. at 15.

n. Staff considers this rulemaking to be clearly authorized by the Commission's constitutional authority to set classifications, pursuant to Article 15, Section 3 of the Arizona Constitution, and thus not to require submission to the Attorney General for certification.

46. Staff has also identified information, not required under Rule 103, that Staff requires Class A, B, and C water and wastewater utilities to submit with their rate applications.<sup>20</sup> As is seen in Exhibit E, attached hereto and incorporated herein, Staff has included the list on the Commission's website and has created and included three associated forms as well. These items appear to represent additional deficiencies in the Rule 103 rate case filing requirements, beyond the deficiencies identified for Class E utilities.

47. Staff clarified at the oral proceedings that statements regarding incorporations by reference had been included in the preamble of the NPRM erroneously and were superfluous because the proposed Rule 103 does not include any new incorporations by reference. Staff also clarified that the proposed Rule 103 itself would not change any compliance requirements for utilities.

#### **Rate Case Procedural Time Constraints**

48. In addition to the major time frame requirements in Rule 103 (*i.e.*, the time clock rule), set forth above, other time constraints apply when the rate case process includes an evidentiary hearing. These time constraints are as follows:

- a. The Commission must provide at least 30 days written notice to a utility before holding the evidentiary hearing. (A.R.S. § 40-251.)
- b. The utility must provide notice of the hearing, as directed by the Commission in a Procedural Order. (R14-2-105.) Generally, a utility is required to provide notice both by mailing prescribed notice language to its customers and publishing the same notice language in a newspaper of general circulation in the service area. At least three weeks are generally allowed for this to be completed. More time is sometimes requested if a utility intends to publish in

<sup>20</sup> Official notice is taken of the information appearing on Staff's water and wastewater utility forms webpage as of August 6, 2014.

1 a weekly newspaper.

2 c. The public must be provided an opportunity, after receiving notice, to submit  
3 comments or requests to intervene. (R14-3-105.) The intervention deadline is  
4 usually set at least two to three weeks after the notice deadline.

5 d. The Commission's court reporting contract allows 10 business days for a  
6 transcript to be provided, unless additional payment is made to expedite the  
7 production time.<sup>21</sup>

8 e. A Recommended Opinion and Order is to be issued at least 10 days before the  
9 last regularly scheduled OM date within the Commission's time clock deadline  
10 to issue a Final Order. For a Class A utility rate case, the requirement is 20  
11 days. (Rule 103(B)(11)(c).)

## 12 **Impacts of the Rulemaking**

13 49. One significant impact flowing from the rule change would be the reclassification of  
14 23 telephone utilities from Class A to other Classes, as a result of which those utilities would no  
15 longer be subject to the Affiliated Interest Rules. This could significantly impact those utilities,  
16 because their filing obligations with the Commission would be reduced, and would impact Staff and  
17 the Commission due to the decreased filing requirements, which would also result in decreased  
18 waiver requests.

19 50. Another significant impact of the rulemaking would result from reclassification of  
20 several gas and electric utilities, causing the elimination of some regulatory obligations. According  
21 to Staff, Alliant Gas-Payson Division would no longer be required to comply with the Affiliated  
22 Interest Rules or with the Energy Efficiency Standards, and Alliant Gas-Page and Dixie Escalante  
23 Rural Electric Association, Inc. would no longer be required to file annual energy conservation plans.  
24 These changes would be significant to the utilities involved and would impact Staff and the  
25 Commission due to decreased filing requirements.

26 51. Columbus Electric Cooperative, Inc. and Duncan Valley Electric Cooperative – Gas  
27

28 <sup>21</sup> Official notice is taken of this fact.

1 Division would be reclassified as Class D and thus would lose eligibility to use the Rule 107  
2 ratemaking process. Staff reported that these cooperative utilities are not concerned about the loss of  
3 this opportunity.<sup>22</sup>

4 52. The rule change would result in a dramatic increase in the number of Class E water  
5 and sewer utilities, for which Rule 103 provides Staff up to 60 days to file a Staff Report, and the  
6 Commission is provided 120 days (*i.e.*, an additional 60 days after the Staff Report) to issue a Final  
7 Order. As compared to the time frames permitted for Class D utilities, this is a decrease of 15 days  
8 for Staff to issue its Staff Report and a decrease of 60 days for the Commission to issue its Final  
9 Order. Because of the increased volume of Staff Reports required to be completed within this  
10 abbreviated period, this could present a significant burden on Staff, particularly if the minimal filing  
11 requirements for Class E utilities under Rule 103 encourage more utilities to file for rate cases more  
12 frequently, using the minimal, and deficient, Rule 103 requirements rather than the short form  
13 application.

14 53. A severely detrimental impact of the proposed rule change would result from  
15 reclassification to Class D of utilities required to have evidentiary hearings, without also changing the  
16 time frames for a Class D utility rate case to accommodate the hearing process.<sup>23</sup> The Class D time  
17 frames in Rule 103 were not designed to accommodate a hearing process and are not sufficiently long  
18 to accommodate a hearing process. If the proposed rule change is adopted without a corresponding  
19 adjustment to the time frames for Class D utilities, it is unlikely that the goals of reduced rate case  
20 expenses, increased speed and efficiency in rate case processing, and adoption of timely final orders  
21 approving just and reasonable rates and charges will be accomplished.

22 54. Staff's responsibilities in a rate case are crucial and time-consuming, as Staff must  
23

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24 <sup>22</sup> To address an inquiry made at Open Meeting concerning the positions of two electric cooperatives that would be  
25 reclassified from Class C to Class D under the proposed rule, Staff contacted John Wallace, of the Grand Canyon Electric  
26 Cooperative, who works closely with the Chief Executive Officers of those cooperatives, and was informed that the  
27 cooperatives were aware of and were not opposed to the proposed rulemaking because the time frame for processing a  
28 Class D or E rate case would be shorter than the normal time frame had been for them as Class C, and the difference  
between the streamlined Class C time frame and the Class D or E time frame that would newly apply does not cause them  
concern.

<sup>23</sup> The hearing requirement would not be new for utilities with annual in-state revenues of \$250,000 or more. What  
would be new is the classification of these utilities as Class D and thus the applicability of the much shorter Class D time  
frame requirements.

1 analyze a company's application, review past Commission decisions that may impact the current rate  
 2 case, research any issues that are novel or controversial, review the company's records, obtain from  
 3 the company any company-specific records or information necessary to clarify the company's  
 4 application, perform calculations, create all necessary ratemaking schedules, and write its testimony  
 5 or Staff Report comprehensively addressing and providing Staff's recommendations concerning each  
 6 issue in the case. If Staff is not provided sufficient time to complete these tasks thoroughly and  
 7 accurately, the quality of the Staff Report/testimony will be impaired. This could result in the  
 8 Commission's basing its decision upon a faulty evidentiary record or, more likely, could result in an  
 9 evidentiary hearing that is much longer than otherwise would be necessary, so that deficiencies in  
 10 evidence and other issues can be addressed. Because the duties Staff must perform would not be  
 11 reduced through this rulemaking, though the time to complete them would be, it is probable that  
 12 requests for extensions of time frames and deadlines would increase, that the number of suspensions  
 13 or extensions granted would also increase, and that rate case expenses would thereby increase.  
 14 Utilities would also be burdened by the reduced predictability of rate case processing.

15       55.     Additionally, it is imperative that the hearing process be conducted in such a manner  
 16 that each party is afforded due process by being allowed to participate fully and to present its  
 17 evidence relevant to each issue that must be decided by the Commission. While it is possible for the  
 18 Commission's rate case process for Class D utilities to be abbreviated in some areas to allow for the  
 19 evidentiary hearing process to be completed within the Class D rate case time clock deadline of 180  
 20 days,<sup>24</sup> doing so would require a significant decrease in Staff's time to create its testimony or Staff  
 21 Report and in the time allowed to other parties as well. The following table illustrates the issue for a  
 22 utility that is now a Class C, but would become a Class D. The first column shows the rate case  
 23 process for such a utility, with each scheduled event or item up to and including the hearing date  
 24 scheduled to allow time as is typically done. The result is a period of only one day after post-hearing  
 25 filings for the Commission to issue its Recommended Opinion and Order ("ROO"). The second  
 26

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27 <sup>24</sup> This is possible because testimony filing deadlines, notice deadlines, intervention deadlines, and pre-hearing and  
 28 hearing times are established by Procedural Order. Currently, the Hearing Division is generally amenable to requests for  
 extension of deadlines. That would likely need to change with the adoption of this rulemaking without a corresponding  
 change in the time clock provisions.

column illustrates the schedule for the same utility, but with shortened times for parties to complete each task, starting with Staff's being required to issue its Staff Report or direct testimony within 40 days rather than 75 days. The 40-day period is shorter than the 60-day period Staff is allowed for issuance of a Staff Report in a Class E rate case.

EVENT OR ITEM	TYPICAL TIMES*	SHORTENED TIMES
Application Filed	1/02/14	1/02/14
Letter of Sufficiency (30 days)	2/03/14	2/03/14
Scheduling PO (30 days; 15 shown here)	2/18/14	2/18/14
Notice Due	3/17/14	3/17/14
Interventions Due	4/11/14	4/11/14
Staff Report Due ( <del>75 days</del> ) (40 days)	4/21/14	3/17/14
Rebuttal Due	5/12/14	3/31/14
Surrebuttal Due	5/27/14	4/07/14
Rejoinder Due	6/03/14	4/14/14
Pre-Hearing Date	6/06/14	4/17/14
Hearing Date	6/10/14	4/21/14
Transcripts Due (10 business days)	6/24/14	5/05/14
Briefs, Final Schedules, Late-Filed Exhibits Due**	7/07/14	5/15/14
OM Deadline for ROOs (10 days before OM)	7/08/14	7/08/14
Last Scheduled OM Before Final Order Due	7/22/14	7/22/14
Final Order Due By*** (Class D-180 days)	8/04/14	8/04/14
* If a deadline ends on a non-business day, it is automatically extended to the next business day.		
** Parties often request 30 days from the hearing date to file Briefs and also request the opportunity to file Responsive Briefs. These are not reflected here.		
*** Rule 103(B)(11)(f) states that "[i]f a hearing is conducted to evaluate a filing, the time periods prescribed by subsection (B)(11)(a) shall be extended three days for each one day of actual hearing on the merits of the filing." This is applied as though it extends the Commission's time frame for issuing a Final Order. However, the subsection reference is erroneous and should refer to Rule 103(B)(11)(d) for this to be accurate. If applied here, the date would be 8/05/14.		
**** The transcript can be expedited for additional payment.		

56. It is unclear what impact the reclassification of utilities would have in terms of requiring utilities to maintain their books and records in conformity with established Uniform Systems of Accounts for Class A, B, C, and D utilities because the Commission's rules requiring conformity with such standards, as described above, currently lack clarity regarding how the rules are

1 applied in the context of two different classification standards for each utility (Commission versus  
 2 NARUC or other organization). However, it does appear that utilities reclassified to Class E under  
 3 the Commission's proposed rule change (*i.e.*, the majority of regulated utilities) would have reason to  
 4 believe that they were no longer required to maintain their books and records in conformity with any  
 5 of the referenced Uniform Systems of Accounts, unless otherwise specifically required by  
 6 Commission Order. This could be detrimental to the public interest, if the utilities do not use  
 7 accounting systems that can easily be translated into a regulatory accounting format for purposes of  
 8 rate case audits and ratemaking. This could also cause delay in the processing of rate cases and an  
 9 increase in rate case expenses.

#### 10 Inflation Data

11 57. According to the U.S. Department of Labor Historical Consumer Price Index for All  
 12 Urban Consumers, U.S. city average, the index for August 1992 was 140.9, and the index for June  
 13 2014 was 238.343.<sup>25</sup> This shows that the level of inflation since the adoption of the current revenue  
 14 thresholds is approximately 69 percent. The following table shows the current revenue thresholds,  
 15 the current thresholds as adjusted for inflation, and the proposed revenue thresholds as included in the  
 16 NPRM.

Electric, Gas, Water, Sewer			
Class	Current	Current, Adjusted for Inflation	Proposed
A	> \$5 Million	>\$8.5 million	> \$10 Million
B	\$1 Million to \$5 Million	\$1,688,000 to \$8,499,999	\$3 Million to \$10 Million
C	\$250,000 to \$999,000	\$422,500 to \$1,687,999	\$ 1 Million to \$2,999,999
D	\$50,000 to \$249,999	\$84,500 to \$422,499	\$250,000 to \$999,999
E	< \$50,000	<\$84,500	< \$250,000
Telephone			
Class	Current	Current, Adjusted for Inflation	Proposed
A	> \$1 Million	>\$1,690,000	> \$10 Million
B	\$250,000 to \$1 Million	\$420,800 to \$1,690,000	\$3 Million to \$10 Million
C	\$100,000 to \$249,000	\$169,000 to \$420,799	\$ 1 Million to \$2,999,999
D	\$25,000 to \$99,999	\$42,250 to \$168,999	\$250,000 to \$999,999
E	< \$25,000	<\$42,250	< \$250,000

28 <sup>25</sup> Official notice is taken of this information.

58. Except for Class A electric, gas, water, and sewer utilities, the proposed increases in the revenue thresholds for utilities are set at levels that greatly exceed what those thresholds would be if adjusted for the inflation rate since the thresholds were adopted in 1992.

#### **Application Deficiencies**

59. As stated previously, the current requirements for rate case applications contained in Rule 103 are deficient in a number of respects, and Staff has established requirements beyond the requirements in Rule 103 to accommodate for those deficiencies. Specifically, Staff has adopted the "short form" rate application for water companies with annual gross operating revenues (including requested rate relief) of less than \$250,000, which is attached hereto as Exhibit D.<sup>26</sup> Staff has also adopted a set of initial data requests, attached hereto as Exhibit B, which are routinely used to obtain information not otherwise required to be submitted with a rate case filing under Rule 103. In addition, as seen in Exhibit E attached hereto, Staff has included on the Commission's website a list of information, and three associated forms, that Class A, B, and C water and wastewater utilities are directed to submit with their applications in addition to the information required to be submitted by Rule 103.

#### **Authority for this Rulemaking**

60. The Commission possesses the authority to engage in rulemaking under both its constitutional authority and its statutory authority endowed by the legislature. In the NPRM, Staff cited both constitutional authority and statutory authority for this rulemaking.<sup>27</sup>

61. Arizona Constitution Article 15, § 3 ("Art. 15, § 3") provides, in pertinent part:

The corporation commission shall have full power to, and shall, prescribe just and reasonable classifications to be used and just and reasonable rates and charges to be made and collected, by public service corporations within the state for service rendered therein, and make reasonable rules, regulations, and orders, by which such corporations shall be governed in the transaction of business within the state, and may prescribe the forms of contracts and the systems of keeping accounts to be used by such

<sup>26</sup> A short form application for wastewater utilities has also been created, although it is not currently available on the Commission's website.

<sup>27</sup> Specifically, Staff cited the following: Arizona Const. Art. 15, § 3; A.R.S. §§ 40-202, 40-203, 40-321, 40-322, 40-281, and 40-282. A.R.S. §§ 40-281 and 40-282, which pertain to the requirement for public service corporations to have Certificates of Convenience and Necessity, do not appear to have any relevance to this rulemaking. Nor does A.R.S. § 40-321, which pertains to the Commission's authority to impose service-related requirements.



corporations in transacting such business, and make and enforce reasonable rules, regulations, and orders for the convenience, comfort, and safety, and the preservation of the health, of the employees and patrons of such corporations; . . . Provided further, that classifications, rates, charges, rules, regulations, orders, and forms or systems prescribed or made by said corporation commission may from time to time be amended or repealed by such commission.

The Arizona Supreme Court has declared that this constitutional provision gives the Commission exclusive authority to establish rates and to enact rules that are reasonably necessary steps in ratemaking and, further, that deference must be given to the Commission's determination of what regulation is reasonably necessary for effective ratemaking.<sup>28</sup>

62. Arizona Constitution Art. 15, § 6 also speaks to the Commission's rulemaking authority, as follows:

The law-making power may enlarge the powers and extend the duties of the corporation commission, and may prescribe rules and regulations to govern proceedings instituted by and before it; but, until such rules and regulations are provided by law, the commission may make rules and regulations to govern such proceedings.

63. It is the Commission's classification of each utility under Rule 103, based upon the utility's annual in-state revenues, that dictates the ratemaking process for the utility's rate case—substantive application requirements, processing steps, and processing time clock. Because the proposed modifications to Rule 103, as set forth in Exhibit A, would amend the Commission's current standards for classification of utilities, and classification is a reasonably necessary step for effective ratemaking, this rulemaking would fall entirely within the Commission's exclusive and plenary constitutional authority. Although this rulemaking is wholly authorized by Art. 15, § 3, the Commission, without waiving its position that this rulemaking is so authorized, also sets forth herein statutory authority and additional constitutional authority for this rulemaking.

64. A.R.S. § 40-202(A) provides: "The commission may supervise and regulate every public service corporation in the state and do all things, whether specifically designated in this title or in addition thereto, necessary and convenient in the exercise of that power and jurisdiction." This

<sup>28</sup> *Arizona Corporation Comm'n v. Woods*, 171 Ariz. 286, 294 (1992) ("*Woods*") (concluding that the Commission had the authority under its constitutional ratemaking power to enact its Affiliated Interest rules, because they are reasonably necessary for ratemaking, and giving deference to the Commission's determination of what regulation is reasonably necessary for effective ratemaking).

1 language, while very broad, has been interpreted by the Arizona Supreme Court as bestowing no  
 2 additional powers on the Commission other than those already granted by the Arizona Constitution or  
 3 specifically granted elsewhere by the legislature, although the Court acknowledged that it also  
 4 provides the Commission the authority to do those things necessary and convenient in the exercise of  
 5 the powers so granted.<sup>29</sup>

6 65. A.R.S. § 40-203 provides:

7 When the commission finds that the rates, fares, tolls, rentals, charges or  
 8 classifications, or any of them, demanded or collected by any public  
 9 service corporation for any service, product or commodity, or in  
 10 connection therewith, or that the rules, regulations, practices or contracts,  
 are unjust, discriminatory or preferential, illegal or insufficient, the  
 commission shall determine and prescribe them by order, as provided in  
 this title.

11 66. A.R.S. § 40-322(A) states, in pertinent part, "The commission may. . . [a]scertain and  
 12 set just and reasonable standards, classifications, regulations, practices, measurements or service to be  
 13 furnished and followed by public service corporations other than a railroad."

14 67. The Commission finds that the revisions to Rule 103 proposed in the NPRM attached  
 15 hereto as Exhibit A are wholly authorized under the Commission's constitutional authority, as utility  
 16 classification is a necessary step in ratemaking, and that the Commission has additional constitutional  
 17 authority as well as statutory authority to make such changes through rulemaking.

#### 18 **Administrative Procedure Act Requirements**

19 68. The Commission is an "agency" under the Administrative Procedure Act ("APA"),  
 20 A.R.S. Title 41, Chapter 6 (A.R.S. §§ 41-1001 through 41-1092.12), and is generally subject to APA  
 21 requirements.

22 69. A.R.S. § 41-1001(19) defines a rule as follows:

23 "Rule" means an agency statement of general applicability that  
 24 implements, interprets or prescribes law or policy, or describes the  
 25 procedure or practice requirements of an agency. Rule includes  
 26 prescribing fees or the amendment or repeal of a prior rule but does not  
 include intraagency memoranda that are not delegation agreements.

27  
 28 <sup>29</sup> *Southern Pacific Co. v. Arizona Corp. Comm'n*, 98 Ariz. 339, 348 (1965); see also *Phelps Dodge Corp. v. Arizona Elec. Power Co-op, Inc.*, 207 Ariz. 95 (Ariz. Ct. App. 2004).

70. Under A.R.S. § 41-1057, the Commission is exempted from Article 5 of the APA (A.R.S. §§ 41-1051 through 41-1057), pertaining to the Governor's Regulatory Review Council, but is required to adopt substantially similar rule review procedures, to include preparation of an EIS and a statement of the effect of the rule on small business.

71. A.R.S. § 41-1044 requires the Attorney General to review rules that are exempt under A.R.S. § 41-1057 and further requires that such rules not be submitted to the Office of the Secretary of State unless first approved by the Attorney General.<sup>30</sup>

72. A.R.S. § 40-1030(A) provides that "[a] rule is invalid unless it is made and approved in substantial compliance with sections 41-1021 through 41-1029 and articles 4, 4.1 and 5 of this chapter, unless otherwise provided by law."

73. It is a tenet of administrative law that regulatory agencies should adopt requirements of general applicability (which are "rules" as defined by the APA) through a rulemaking process rather than by policy.<sup>31</sup> While the Arizona Court of Appeals has recognized that the Commission has the authority to issue "specialized orders" that apply to individual utilities or situations, it has also invalidated agency requirements of general applicability that were not promulgated in accordance with the requirements of the APA.<sup>32</sup>

74. A.R.S. § 41-1022(E) provides that if, as a result of public comment or internal review, an agency determines that a proposed rule requires substantial change pursuant to A.R.S. § 41-1025, the agency shall issue a supplemental notice containing the changes in the proposed rule and shall

<sup>30</sup> Although Commission rules generally are subject to review and certification by the Attorney General under A.R.S. § 41-1044 before they become effective, Commission rules promulgated pursuant to the Commission's exclusive and plenary constitutional rulemaking authority need not be submitted to the Attorney General for certification. (*State ex rel. Corbin v. Arizona Corp. Comm'n*, 174 Ariz. 216, 848 P.2d 301 (Ariz. Ct. App. 1992); *Phelps Dodge Corp. v. Arizona Elec. Power Coop.*, 207 Ariz. 95, 83 P.3d 573 (Ariz. Ct. App. 2004).)

<sup>31</sup> See, e.g., *Arizona Corp. Comm'n v. Palm Springs Utility Co., Inc.*, 24 Ariz. App. 124 (Ariz. Ct. App. 1975).

<sup>32</sup> See *id.*; cf. *Carondelet Health Services, Inc. v. Arizona Health Care Cost Containment Sys. Admin.*, 182 Ariz. 221 (1994) ("*Carondelet*"). In *Carondelet*, in holding that AHCCCS's requirement was invalid because it had not been adopted in compliance with the APA, the court stated the following:

Unlike Palm Springs Util., we are not dealing with a specialized situation that may be endangering the health of a segment of the public, or a case where AHCCCS is monitoring a single hospital for compliance with industry standards. In the present case, AHCCCS has developed a general rule for reimbursement that uses the same analyses and methodology for all hospitals. . . . This is not a situation where a general rule is impractical or impossible to formulate. A rule has already been developed by AHCCCS internally; it just has not been enacted properly.

*Carondelet*, 182 Ariz. at 229.

1 provide for additional public comment pursuant to A.R.S. § 41-1023.

2 75. A.R.S. § 41-1025 prohibits an agency from adopting a final rule that is substantially  
3 different from the rule proposed by the agency in its NPRM and provides that an agency must  
4 consider all of the following in determining whether a rule is substantially different from the  
5 proposed rule published in the NPRM:

6 1. The extent to which all persons affected by the rule should  
7 have understood that the published proposed rule would affect their  
8 interests.

9 2. The extent to which the subject matter of the rule or the  
10 issues determined by that rule are different from the subject matter or  
11 issues involved in the published proposed rule.

12 3. The extent to which the effects of the rule differ from the  
13 effects of the published proposed rule if it had been made instead.

14 76. If an agency desires to make a rule substantially different from the rule proposed in an  
15 NPRM, A.R.S. § 41-1025(A) allows the agency, in lieu of engaging in supplemental proposed  
16 rulemaking, to terminate the existing rulemaking and commence a new rulemaking for purposes of  
17 adopting the substantially different rule.

18 77. Since fiscal year 2009-2010, Arizona has had in place a general rulemaking  
19 moratorium, first through creation of the legislature<sup>33</sup> and then through gubernatorial orders. The  
20 most recent gubernatorial order, Executive Order 2012-03 ("EO 2012-03"), effective on June 26,  
21 2012, and expiring on December 31, 2014, generally prohibits a state agency from conducting  
22 rulemaking except for specific purposes<sup>34</sup> and with prior written approval from the Office of the  
23 Governor. However, EO 2012-03 expressly exempts the Commission from its applicability, although  
24 it encourages all exempted state officials and agencies to participate voluntarily within the context of  
25 their own rulemaking processes.

26 78. Because the Commission is conducting this rulemaking pursuant to its plenary and  
27 exclusive rulemaking authority under Art. 15, § 3, the Commission is not required to obtain Attorney  
28 General certification of this rulemaking under A.R.S. § 41-1044.

79. A.R.S. § 41-1032(A) provides that a final rule filed with the Office of the Secretary of

<sup>33</sup> See Laws 2010, Ch. 287, § 18 (amending Laws 2009 (3rd Special Session) Ch. 7, § 28).

<sup>34</sup> While EO 2012-03 does not apply to the Commission, the Commission's purpose for this rulemaking—reducing regulatory burden—is consistent with the permissible rulemaking purposes under Executive Order 2012-03.

1 State under A.R.S. § 41-1031 becomes effective 60 days after filing unless the rulemaking agency  
 2 includes in the preamble information demonstrating that the rule needs to be effective immediately  
 3 upon filing, for one of five reasons listed in the statute. No information has been provided in this  
 4 rulemaking to indicate that this rulemaking would need to take effect immediately.

#### 5 **Public Comments & Responses**

6       80. Only two formal comments were received concerning the NPRM, both provided orally  
 7 at the Phoenix oral proceeding on June 12, 2014. Karen Nally, for Camp Verde Water System, Inc.  
 8 ("CVWS"), stated that CVWS provides water service to approximately 1,800 customer connections  
 9 in and around the Town of Camp Verde and that the changes are necessary because the revenue  
 10 thresholds have not been updated since 1992, the updated thresholds will streamline Commission  
 11 processes to help reduce rate case expense for small utilities, and CVWS supports having rate cases  
 12 processed more quickly. Tim Sabo, with Roshka DeWulf & Patten, stated that he was not there for  
 13 any particular client, as the utilities that will benefit the most from this rulemaking cannot afford to  
 14 hire an attorney, and that he supports the rulemaking because a significant number of smaller utilities  
 15 will be shifted into classifications where they can benefit from reduced filing requirements and the  
 16 streamlined short form application process.

17       81. In its summary and response filing, Staff acknowledged the supportive comments and  
 18 asserted that no change is needed or warranted as a result of the supportive comments. We agree with  
 19 Staff's assessment that the comments do not necessitate any change to the draft rule as published in  
 20 the NPRM.

#### 21 **Economic Impact Statement**

22       82. Staff has provided an EIS to satisfy the requirements of A.R.S. §§ 41-1057 and 41-  
 23 1055.<sup>35</sup> The EIS is attached hereto and incorporated herein as Exhibit F.

24       83. The EIS in Exhibit F does not reflect all of the impacts that the proposed classification  
 25 thresholds would have upon the Commission, its Staff, and the public interest. One category of  
 26 impacts not addressed are those that would result from having utilities currently classified as Class C

27 <sup>35</sup> Although A.R.S. § 41-1057 exempts the Commission from having its rules reviewed by GRRRC and from application  
 28 of A.R.S. § 41-1055, it also requires the Commission to adopt substantially similar rule review procedures, to include  
 preparation of an economic impact statement and a statement of the effect of the rule on small business.

(for which Staff currently must issue a Staff Report within 135 days, and the Commission must issue a Final Order within 270 days) reclassified to Class D (for which Staff currently must issue a Staff Report within 75 days, and the Commission must issue a Final Order within 180 days). Before this rulemaking could go forward as a Notice of Final Rulemaking, a revised EIS would need to be crafted to include not only the information included in Staff's EIS, but also the additional impact information discussed herein.

### **Discussion and Resolution**

84. Staff has identified a number of items of information that Staff needs to perform its ratemaking analysis, but that are not currently required under Rule 103. Staff has, through policy, required submission of these items of information as part of the short form application, as requirements posted on Staff's webpage, and through Staff's Initial Data Requests. The information submission requirements currently imposed upon all rate case applicants by policy fall within the APA definition of a "rule" because of their general applicability.<sup>36</sup> Yet they have not been adopted in the form of a rule as required by the APA. Although they pertain to the application requirements for a rate case, and thus a rule adopting them would not need to be certified by the Attorney General in order to become effective, the requirements should be adopted in rule to comply with the APA. The Commission's practice has long been to follow APA requirements for promulgation of rules, even when adopting rules asserted to be within the Commission's constitutional ratemaking authority and thus exempted from Attorney General review.<sup>37</sup>

85. Staff has determined that a company's rate case moves much more quickly if the company meets with Staff weeks before filing its rate application, and the company also provides up

<sup>36</sup> We are aware of Rule 103(B)(5), which allows the Commission to "request that supplementary information in addition to that specifically required in subsection (B)(1) and (2) of this General Order be submitted by a utility either prior to or after a filing." We do not believe that this provision was intended to provide the Commission with carte blanche to impose additional general requirements upon applicants indefinitely without completing a rulemaking. To interpret this provision in this manner would effectively nullify A.R.S. § 41-1030(A) in this context.

<sup>37</sup> See, e.g., Decision No. 59124 (June 23, 1995), adopting the Competitive Telecommunications Services rules. The Commission published a Notice of Proposed Rulemaking, held public comment proceedings, and completed both an EIS and a Concise Explanatory Statement for the rulemaking (an APA requirement that has since been repealed). The rules were subsequently reviewed by the Arizona Court of Appeals in a lawsuit in which U.S. West alleged, *inter alia*, that the Commission had adopted the rules in violation of the APA because they were not submitted to the Attorney General for certification. The court ultimately held that some of the rules were subject to such review. (*U.S. West Comm. v. Arizona Corp. Comm'n*, 197 Ariz. 16 (Ariz. Ct. App. 1995).) See also *Phelps Dodge Corp. Inc. v. Arizona Elec. Power Coop., Inc.*, 207 Ariz. 95 (Ariz. Ct. App. 2004).

front, with its application filing, data responsive to Staff's Initial Data Requests. Staff and Commissioners have expressed a desire to encourage utilities to do more up-front work (by meeting with Staff and providing more complete information with their applications) so that their rate cases can move more quickly and more smoothly. The streamlined ratemaking process for cooperative utilities adopted in Rule 107 requires a cooperative utility to submit information to Staff and to meet with Staff before filing its Rule 107 rate application. (See Rule 107(C).) Because Rule 107 has only been effective since April 9, 2013, and is available to a limited pool of utility applicants, the Commission has had only a limited opportunity to determine how effective the different processing requirements in Rule 107 are in streamlining rate case processes.<sup>38</sup> This information could provide the Commission with valuable insight into what may or may not work to make other rate case processes faster, more efficient, and less costly. The Commission would benefit from having additional information before acting on Rule 103 with the intent of improving rate case processing for utilities.

86. Because the Commission expressly considered, and conformed to, the hearing requirement of A.R.S. § 40-250 when the current Rule 103 was adopted, it is clear that the current time clock for Class D utilities was not intended to apply in the context of a rate case that requires an evidentiary hearing and was not designed to accommodate a hearing process. As shown in the timeline above for a hypothetical Class D rate case under the new proposed classification thresholds, the Class D time frames are not adequate to accommodate the hearing process along with post-hearing filings, evidentiary review, deliberation, creation and issuance of a ROO, and Commission review and decision, unless the time provided to Staff and the other parties for completion of their obligations is significantly reduced. Unless the Commission amends the Class D time frames concurrently with changing the classification thresholds, or significantly cuts the time Staff and other parties are allowed to prepare their cases, there would not be sufficient time to complete all of the tasks involved in a rate case with an evidentiary hearing.<sup>39</sup> Insufficient time frames for newly

<sup>38</sup> Thus far, only one case has been completed, for Docket No. E-01575A-13-0296, in which Sulphur Springs Valley Electric Cooperative, Inc., a Class A utility, filed its application on September 30, 2013, and Decision No. 74381 was issued approving rates on March 19, 2014.

<sup>39</sup> It should be noted that it is not uncommon for there to be scheduling conflicts among attorneys for parties, or even among witnesses, as a result of multiple pending cases. Also, even with two hearing rooms in Phoenix, hearings

1 classified Class D utilities could negatively impact both the Commission and the public interest  
2 because it could easily result either in the Commission failing to meet its Rule 103 time clock for  
3 issuance of a Final Order or making decisions based on a less than complete, or less than accurate,  
4 evidentiary record or analysis of that record. It could also result in longer rate cases and less  
5 predictability in rate cases because of increased requests for extension of deadlines. These outcomes  
6 would be contrary to the Commission's intentions in initiating this rulemaking and to the public  
7 interest.

8 87. Staff has not presented an analysis of the areas in which the current rate case process  
9 bogs down, or why, or for which Class or type of utilities there is more or less efficient processing.  
10 Nor has an analysis been performed concerning whether the Commission's efforts thus far have  
11 resulted in more efficient, faster rate case processing without compromising the quality of the  
12 outcomes. Nor has an analysis been conducted to determine how rate case expenses could be  
13 decreased. These types of analyses should be performed before the Commission makes permanent  
14 changes to Rule 103 that could have unintended detrimental impacts on those outcomes and the  
15 public interest.

16 88. There is not sufficient information in the record to conclude that reclassifying the  
17 utilities as proposed in the NPRM will result in faster and more efficient processing of rate cases by  
18 Staff. Staff has indicated that it intends to meet the shorter time frames that would be required due to  
19 reclassifications, but it is unclear how Staff would be able to produce its Staff Reports and testimony  
20 more quickly without having a change in process requirements, an increase in its personnel,<sup>40</sup> or a  
21 decline in the quality of work produced.

22 89. The rate case filing requirements in Rule 103 do not require submission of all of the  
23 information that Staff needs for its analysis of a rate case filing and are not consistent with the  
24 information that Staff is currently requiring utilities to submit. Utilities would benefit from having  
25

26 occasionally must be held in a Phoenix conference room (which is inadequate for a hearing at which there are many  
27 participants or members of the public). Additionally, if different dates apply, available time can be drastically altered due  
28 to OM deadlines and holidays.

<sup>40</sup> We note that because regulatory accounting and ratemaking are a specialized area, even with the addition of new  
Staff members, Staff's resources for rate case analyses will not immediately be increased if the new personnel have not  
yet been trained in this specialized area.



1 clear and complete application filing requirements set forth in rule, and such clarity should lead to  
2 reduced rate case expenses and faster and smoother rate case processing.

3 90. While Rule 103 classification thresholds would be changed by this rulemaking,  
4 resulting in the applicability of significantly shorter Rule 103 time clock deadlines for many utilities,  
5 the identified deficiencies in Rule 103's requirements for utility rate applications would continue  
6 unabated. If these deficiencies continue to be addressed only by Staff's requiring utilities to submit  
7 additional information (through the short form application, requirements posted on Staff's webpage,  
8 and initial data requests) by policy, there is no reason to believe that the actual length of time between  
9 a utility's rate case application and the Commission's Final Order for that rate case would be  
10 shortened as a result of this rulemaking.<sup>41</sup>

11 91. The Commission is charged with regulating public service corporations within  
12 Arizona, one crucial aspect of which is ensuring that public service corporations' customers are  
13 required to pay only just and reasonable rates for utility services received from those public service  
14 corporations. The Commission process to establish just and reasonable rates and charges currently  
15 strikes a balance among numerous competing interests and needs—the Commission's need to base its  
16 decisions only on complete and accurate records, to establish only just and reasonable rates, to afford  
17 all interested persons who may be impacted by its decisions a full and fair opportunity to participate  
18 in the rate case process, and to issue its final orders in compliance with the time clock rule; the  
19 utilities' need to present their cases fully and fairly, to control their rate case expenses, and to obtain  
20 approval of new rates and charges as quickly as possible; ratepayers' interests in having the  
21 Commission approve only just and reasonable rates and charges; and ratepayers' and other interested  
22 parties' interests in being afforded a full and fair opportunity to participate in rate cases that could  
23 substantially affect them.<sup>42</sup> The Commission has made great strides toward improving the processing  
24 times for rate cases, most recently by hiring additional personnel in the Hearing Division, by filling  
25 vacancies within Staff, and by building a second hearing room. The Commission's intentions in

26 <sup>41</sup> If Staff's requests for additional information are made through Staff's issuing Letters of Deficiency, the time frames  
27 do not yet apply. The time clock for issuance of a Staff Report and Final Order starts when Staff issues a Letter of  
28 Sufficiency. Some rate applications take months to reach sufficiency, and there is no reason to believe that this  
rulemaking would improve that situation.

<sup>42</sup> This list is not exhaustive.

1 initiating this rulemaking docket were twofold: to alleviate burdens imposed on public service  
2 corporations in other Commission rules by reducing the groups to whom the rules apply, and to  
3 improve its rate case process by reducing the burdens that process places on public service  
4 corporations. As is set forth herein, however, changing only one element of Rule 103, as proposed in  
5 the NPRM, would upset the balance that the Commission has achieved with its current rate case  
6 process, resulting in detrimental impacts rather than the beneficial impacts intended. Additionally,  
7 we have identified deficiencies in the Rule 103 rate case requirements, the correction of which should  
8 improve the Commission's rate case process while also resolving concerns related to APA  
9 compliance.

10 92. Standing alone, the proposed revisions to Rule 103 included in the NPRM would not  
11 achieve the results intended by the Commission; thus, adoption of the NPRM without additional  
12 revision would not be in the public interest and should not be approved.

13 93. The requirements for utilities to comply with accounting standards that use  
14 classifications, contained in A.A.C. R14-2-212, R14-2-312, R14-2-412, R14-2-510, and R14-2-610,  
15 are unclear because Rule 103 and the accounting standards referenced use different classification  
16 thresholds, and neither Rule 103 nor the separate rules listed clarify which classification system is to  
17 govern in determining which accounting standard applies to a given utility.

18 94. Rule 103 should be amended to clarify which classification system is to be used when  
19 determining the accounting standard that applies to a utility as required by A.A.C. R14-2-212, R14-2-  
20 312, R14-2-412, R14-2-510, and R14-2-610.

21 95. Rule 103 should be amended, consistent with the APA, to include all of the rate case  
22 application information requirements currently imposed by Staff through policy and to make any  
23 updates, additions, or corrections needed to make Rule 103's requirements more effective and more  
24 clear, concise, and understandable.

25 96. Rule 103 should be amended to unify the revenue thresholds for classification of  
26 telephone utilities and the revenue thresholds for classification of all other utilities.

27 97. Rule 103 should be amended to adopt increased revenue thresholds for classification  
28 of utilities, to recognize inflation and any relevant industry changes that have occurred since adoption

1 of the current revenue thresholds, provided that the time clock requirements in Rule 103 are amended  
2 in the same rulemaking to ensure adequate time to process rate cases based upon classification size,  
3 including accommodation of an evidentiary hearing process for the rate case of each utility having  
4 annual intrastate gross revenues, including requested rate relief, of \$250,000 or more.

5 98. The additional changes that should be made to Rule 103, as identified by the  
6 Commission herein, would result in a Rule 103 that is substantially different from the Rule 103  
7 proposed in the NPRM and, thus, cannot be adopted without completion of additional rulemaking.

8 99. To allow the Commission a sufficient opportunity to consider, formulate, and  
9 promulgate a comprehensive amendment of Rule 103, this rulemaking should be terminated by filing  
10 a Notice of Termination of Rulemaking with the Office of the Secretary of State.<sup>43</sup>

11 100. Accordingly, we will direct Staff, the Hearing Division, and the Legal Division,  
12 jointly and cooperatively, through a work group including personnel selected from within each  
13 Division, to perform a thorough analysis of all of the provisions of Rule 103, whether specifically  
14 mentioned in this Decision or not, and we will require the work group to produce the following:

- 15 a. A document that identifies provisions of Rule 103 that should be corrected,  
16 updated, or modified to make Rule 103 more effective and more clear, concise,  
17 and understandable;
- 18 b. A document that identifies improvements that could be made to the  
19 Commission's ratemaking process to make the process more consistent,  
20 efficient, and effective; and
- 21 c. Draft language for a revised comprehensive amendment of Rule 103 designed  
22 to address each of the issues identified herein; to accomplish the corrections,  
23 updates, and modifications identified by the work group; and to incorporate the  
24 ratemaking process improvements identified by the work group.

25 101. We will require the work group to file, in this docket, the documents and draft  
26 language produced as described in Findings of Fact No. 100, with service to the service list for this

27 <sup>43</sup> A.A.C. R1-1-506 prescribes the requirements for a Notice of Termination of Rulemaking. While the filing and  
28 publication of a Notice of Termination of Rulemaking would end the rulemaking docket assigned by the Secretary of  
State, it would not impact the instant docket, which is assigned by the Commission.

1 docket, and with an invitation for interested persons to file, in this docket within 30 days after such  
2 service is made, their comments concerning the documents and draft language.

3 102. We will also direct the work group to review the comments received and, jointly and  
4 cooperatively, to create and file a report that summarizes the comments received; provides responses  
5 to the comments (including whether any changes should be made in response to the comments);  
6 provides the text of a comprehensive amendment of Rule 103 that the work group considers to  
7 address all of the comments received; and provides the Commission with a recommendation for the  
8 action to be taken on the comprehensive amendment of Rule 103.

9 103. To ensure that the Commission remains apprised of the work group's progress, we  
10 will also require the work group, until the report described in Findings of Fact No. 102 is filed, to  
11 provide the Commission with updates concerning the work group's progress, at intervals of no more  
12 than 60 days, through status reports filed in this docket or provided at Commission Staff or other  
13 Open Meetings.

14 104. A separate docket should be opened for initiation of a new rulemaking process  
15 specifically to address revising the applicability of the Affiliated Interest Rules so as to eliminate any  
16 requirements that create an unnecessary burden on utilities, Staff, and the Commission as a result of  
17 waiver requests.

18 105. It is reasonable and appropriate and in the public interest for the Commission to take  
19 the actions described in Findings of Fact Nos. 92 through 104.

#### 20 CONCLUSIONS OF LAW

21 1. Pursuant to Arizona Constitution, Art. 15, § 3, the Commission has authority and  
22 jurisdiction to revise A.A.C. R14-2-103 as set forth in the NPRM attached hereto as Exhibit A.

23 2. The Commission is not required to submit this rulemaking to the Office of the  
24 Attorney General for certification under A.R.S. § 41-1044.

25 3. Notice of the oral proceedings regarding the NPRM was provided in the manner  
26 prescribed by law.

27 4. The revisions to A.A.C. R14-2-103 set forth in the NPRM attached hereto as Exhibit  
28 A are clear, concise, and understandable; within the Commission's power to make; within enacted

1 legislative standards; and were proposed in compliance with appropriate procedures.

2 5. Moving forward with rulemaking to adopt only the revisions to A.A.C. R14-2-103 set  
3 forth in the NPRM, attached hereto as Exhibit A, would not be in the public interest, for the reasons  
4 described herein.

5 6. Under A.R.S. § 41-1025, the additional changes that should be made to Rule 103, as  
6 identified by the Commission herein, would result in a rule that is substantially different from the  
7 Rule 103 proposed in the NPRM.

8 7. It would be just and reasonable and in the public interest for the Commission to take  
9 the actions described in Findings of Fact Nos. 92 through 104.

10 **ORDER**

11 IT IS THEREFORE ORDERED that the Commission's Utilities Division and Legal Division  
12 shall, within 30 days after the effective date of this Decision, file with the Office of the Secretary of  
13 State a Notice of Termination of Rulemaking for the Notice of Proposed Rulemaking published on  
14 May 9, 2014.

15 IT IS FURTHER ORDERED that the Commission's Utilities Division, Hearing Division, and  
16 Legal Division shall each assign at least one representative to the Rule 103 Work Group, which is  
17 hereby created.

18 IT IS FURTHER ORDERED that the Rule 103 Work Group shall, jointly and cooperatively,  
19 perform a thorough analysis of all of the provisions of Rule 103, whether specifically mentioned in  
20 this Decision or not, and should produce the following:

21 a. A document that identifies provisions of Rule 103 that should be corrected, updated,  
22 or modified to make Rule 103 more effective and more clear, concise, and understandable;

23 b. A document that identifies improvements that could be made to the Commission's  
24 ratemaking process to make the process more consistent, efficient, and effective; and

25 c. Draft language for a revised comprehensive amendment of Rule 103 designed to  
26 address each of the issues identified herein; to accomplish the corrections, updates, and modifications  
27 identified by the Rule 103 Work Group; and to incorporate the ratemaking process improvements  
28 identified by the Rule 103 Work Group.

1 IT IS FURTHER ORDERED that the Rule 103 Work Group shall file, in this docket, the  
2 documents and draft language produced as described in the immediately preceding Ordering  
3 Paragraph, with service to the service list for this docket, and with an invitation for interested persons  
4 to file their comments concerning the documents and draft language in this docket within 30 days  
5 after such service is made.

6 IT IS FURTHER ORDERED that the Rule 103 Work Group shall review the comments  
7 received from interested persons and, jointly and cooperatively, create and file a report summarizing  
8 the comments received, providing responses to the comments received (including whether any  
9 changes should be made in response to the comments), providing the text of a comprehensive  
10 amendment of Rule 103 that the Rule 103 Work Group considers reasonably to address all of the  
11 comments received, and providing the Commission with a recommendation for the action to be taken  
12 on the comprehensive amendment of Rule 103.

13 IT IS FURTHER ORDERED that the Rule 103 Work Group shall, until the report described  
14 in the immediately preceding Ordering Paragraph is filed, provide the Commission with updates  
15 concerning the Work Group's progress, at intervals of no more than 60 days, through status reports  
16 filed in this docket or provided at Commission Staff or other Open Meetings.

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28 ...

1 IT IS FURTHER ORDERED that the Commission's Legal Division shall, within 30 days  
 2 after the effective date of this Decision, file a memorandum with the Commission's Docket Control  
 3 requesting the opening of a new docket, captioned "Rulemaking to Revise the Affiliated Interest  
 4 Rules," which shall be used for initiation of a new rulemaking process specifically to address revising  
 5 the applicability of the Affiliated Interest Rules so as to eliminate any requirements that create an  
 6 unnecessary burden on utilities, the Commission's Utilities Division, and the Commission as a result  
 7 of waiver requests.

8 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

9 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.  
 10  
 11

12 CHAIRMAN

COMMISSIONER

14 COMMISSIONER

COMMISSIONER

COMMISSIONER

15  
 16 IN WITNESS WHEREOF, I, JODI JERICH, Executive  
 17 Director of the Arizona Corporation Commission, have  
 18 hereunto set my hand and caused the official seal of the  
 19 Commission to be affixed at the Capitol, in the City of Phoenix,  
 20 this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

21  
 22 JODI JERICH  
 23 EXECUTIVE DIRECTOR

24 DISSENT \_\_\_\_\_

25 DISSENT \_\_\_\_\_  
 26  
 27  
 28

SERVICE LIST FOR:

RULEMAKING

DOCKET NO.:

RU-00000A-13-0294

A. Petersen Water Company, Inc.  
PO Box 364  
Overgaard, AZ 85933

Baca Float Water Company  
PO Box 1536  
Tubac, AZ 85646

Abra Water Company, Inc.  
PO Box 515  
Paulden, AZ 86334

Bachmann Springs Utility Company  
PO Box 9  
Tombstone, AZ 85638

ACME Water LLC  
365 W. Coronado Rd., Ste. 200  
Phoenix, AZ 85004-1560

Beardsley Water Company, Inc.  
c/o First National Management  
PO Box 1020  
Apache Junction, AZ 85217-1020

Adaman Mutual Water Company  
16251 W. Glendale Ave.  
Litchfield Park, AZ 85340

Beaver Dam Water Company, Inc.  
PO Box 550  
Litchfield, AZ 86432

Aguila Water Services, Inc.  
PO Box 1086  
Sun City, AZ 85372

Beaver Valley Water Company, Inc.  
PO Box 421  
Payson, AZ 85547

Ajo Improvement Company  
PO Drawer 9  
Ajo, AZ 85321

Bella Vista Water Company, Inc.  
12725 W. Indian School Rd., Ste. D101  
Avondale, AZ 85392

American Realty & Mortgage Co., Inc.  
dba Hacienda Acres Water Systems  
c/o Global Water  
21410 N. 19th Ave., Ste. 201  
Phoenix, AZ 85027

Bellemont Water Co.  
PO Box 31176  
Flagstaff, AZ 86003

Antelope Lakes Water Company  
PO Box 350  
Chino Valley, AZ 86323

Bermuda Water Company  
2335 Sanders Rd.  
Northbrook, IL 60062

Antelope Water Company  
35710 Antelope Dr.  
Wellton, AZ 85356

Berneil Water Company  
PO Box 219  
Tempe, AZ 85280-0219

Anway Manville LLC Water Company  
c/o Southwestern Utility Management, Inc.  
PO Box 85160  
Tucson, AZ 85754

Biasi Water Company, Inc.  
PO Box 518  
Beaver Dam, AZ 86432

Appaloosa Water Company  
PO Box 3150  
Chino Valley, AZ 86323

Bidegain Water Company  
PO Box 538  
Kearny, AZ 85137

Arivaca Townsite Cooperative Water Company, Inc.  
PO Box 398  
Arivaca, AZ 85601

Big Park Water Company  
45 Castle Rock Rd., Ste. 4  
Sedona, AZ 86351

Arizona Water Company  
PO Box 29006  
Phoenix, AZ 85038-9006

BN Leasing Corporation dba Aubrey Water Company  
PO Box 961050  
Ft. Worth, TX 76161

Arizona Windsong Realty, Inc.  
PO Box 261  
Sanders, AZ 86512

Bob B. Watkins dba East Slope Water Company  
c/o Southwestern Utility Management, Inc.  
PO Box 85160  
Tucson, AZ 85754

Arroyo Water Company, Inc.  
1400 N. Beeline Hwy.  
Payson, AZ 85541-3103

Bonita Creek Land & Homeowner's Association  
251 Big Al's Run  
Payson, AZ 85541

Ash Fork Development Association, Inc.  
PO Box 293  
Ash Fork, AZ 86320

Boynton Canyon Enchantment Homeowners Association  
525 Boynton Canyon Rd.  
Sedona, AZ 86336

Ashcreek Water Company  
PO Box 8258  
Thatcher, AZ 85552

Bradshaw Water Company  
PO Box 12758  
Prescott, AZ 86304

AVM-2005, LLC  
6263 N. Scottsdale Rd., Ste. 265  
Scottsdale, AZ 85250

Brooke Water LLC  
PO Box 82218  
Bakersfield, CA 93380

Avra Water Cooperative, Inc.  
11821 W. Picture Rocks Rd.  
Tucson, AZ 85743

Caballeros Water Company, Inc.  
1551 S. Vulture Mine Rd.  
Wickenburg, AZ 85390

Cactus-Stellar Limited  
HCR 2, Box 469  
Tucson, AZ 85735



- |    |   |   |
|----|---|---|
| 1  | Camp Verde Water System, Inc.<br>PO Box 340<br>Camp Verde, AZ 86322                         | Crown King Water Company, Inc.<br>4198 W. Park View Lane<br>Glendale, AZ 85310  |
| 2  | Carter's Water Company<br>1157 E. Sunset Dr.<br>Casa Grande, AZ 85122-2921                  | Dairyland Water Cooperative<br>16707 E. Happy Rd.<br>Queen Creek, AZ 85242  |
| 3  | Casa Grande South Water Company<br>117 E. 2nd St.<br>Casa Grande, AZ 85122                  | Dateland Public Service Co., Inc.<br>PO Box 3011<br>Dateland, AZ 85333  |
| 4  | Casa Grande West Water Company<br>117 E. 2nd St.<br>Casa Grande, AZ 85122                   | Dateland Water LLC<br>3412 W. 2nd St.<br>Anacortes, WA 98221  |
| 5  | Cayetano, Inc. dba Lakewood Water Company<br>PO Box 14858<br>Tucson, AZ 85732               | Desert Valencia Water Company, Inc.<br>10826 N. Sand Canyon Pl.<br>Oro Valley, AZ 85737   |
| 6  | C-D Oasis Water Company<br>1665 10th St.<br>Douglas, AZ 85607                               | Diversified Water Utilities, Inc.<br>4700 E. Thomas Rd., Ste. 203<br>Phoenix, AZ 85018  |
| 7  | Cedar Grove Water, Inc.<br>PO Box 364<br>Overgaard, AZ 85933                                | Donald Steven McAdams<br>dba McAdams Water Company<br>10434 230th St.<br>Delta, IA 52550-8545   |
| 8  | Cerbat Water Company<br>7313 E. Concho Dr., Ste. B<br>Kingman, AZ 86401                     | Doney Park Water<br>5290 E. Northgate Loop<br>Flagstaff, AZ 86004   |
| 9  | Chaparral City Water Company<br>12021 N. Panorama Dr.<br>Fountain Hills, AZ 85268           | Double Diamond Utilities, Inc.<br>c/o Michael W. Patten<br>One Arizona Center<br>400 E. Van Buren St., Ste. 800<br>Phoenix, AZ 85004                |
| 10 | Chaparral Water Company<br>17700 N. Pacesetter Way., Ste. 100<br>Scottsdale, AZ 85255       | Double R Water Distributors, Inc.<br>500 Lake Havasu Ave. N., Ste. C100<br>Lake Havasu City, AZ 86403   |
| 11 | Chas I. Creed dba Hunt Valley Water Company<br>303 W. Stella Lane<br>Phoenix, AZ 85013-1318 | Dragoon Water Company<br>PO Box 85160<br>Tucson, AZ 85754   |
| 12 | Chino Meadows II Water Company<br>PO Box 350<br>Chino Valley, AZ 86323                      | DS Water Company<br>PO Box 786<br>Desert Springs, AZ 86432  |
| 13 | Cibola Mutual Water Company<br>RR2, Box 77<br>Cibola, AZ 85328                              | Eagletail Water Company, LC<br>PO Box 157<br>Tonopah, AZ 85354  |
| 14 | Cienega Water Company, Inc.<br>31806 Cienega Springs Rd<br>Parker, AZ 85344                 | Eden Water Company, Inc.<br>9488 N. Hot Springs Rd.<br>Eden, AZ 85535   |
| 15 | Circle City Water Co., LLC<br>PO Box 82218<br>Bakersfield, CA 93380                         | Ehrenberg Improvement Association<br>PO Box 50<br>Ehrenberg, AZ 85334-0050  |
| 16 | Citrus Park Water Co., Inc.<br>34720 Mountain Loop Hwy.<br>Granite Falls, WA 98252          | El Prado Water Company, Inc.<br>4743 E. 30th Place<br>Yuma, AZ 85365  |
| 17 | Clear Springs Utility Company, Inc.<br>PO Box 85160<br>Tucson, AZ 85754                     | Empirita Water Company, Inc.<br>2850 E. Skyline Dr., Ste. 100<br>Tucson, AZ 85718   |
| 18 | Clearwater Utilities Company, Inc.<br>20441 W. Cheyenne Rd.<br>Buckeye, AZ 85326            | EPCOR Water Arizona, Inc.<br>2355 W. Pinnacle Peak Rd., Ste. 300<br>Phoenix, AZ 85027   |
| 19 | Cloud Nine Water Company, Inc.<br>96 Bel Aire Place, Ste. 140<br>Sierra Vista, AZ 85635     | MHC Operating Limited Partnership<br>dba The Sedona Venture Wastewater Treatment Plant<br>2 N. Riverside Plaza, Ste. 800<br>Chicago, IL 60606       |
| 20 | Coldwater Canyon Water Company<br>PO Box 637<br>Black Canyon City, AZ 85324                 | F. Wayne Thompson and Dorothy Thompson dba West Village Water Co.<br>c/o Allen Ginsberg<br>1120 W. University Ave., Ste. 200<br>Flagstaff, AZ 86001 |
| 21 | Community Water Company of Green Valley<br>1501 S. La Canada<br>Green Valley, AZ 85622-1600 | Far West Water & Sewer, Inc.<br>13157 E. 44th St.<br>Yuma, AZ 85367   |
| 22 | Cordes Lakes Water Company<br>PO Box 219<br>Tempe, AZ 85280-0219                            |   |
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| 1  | Farmers Water Company<br>PO Box 7<br>Sahuarita, AZ 85629   | Greenehaven Water Company, Inc.<br>PO Box 5122<br>Greenehaven, AZ 86040-5122  |
| 2  | Fisher's Landing Water and Sewer Works, LLC<br>PO Box 72188<br>Yuma, AZ 85365  | Groom Creek Water User's Association<br>PO Box 3897<br>Prescott, AZ 86302   |
| 3  | Flagstaff Ranch Water Company, Inc.<br>PO Box 10775<br>Phoenix, AZ 85064   | Halcyon Acres Annex #2 Water Company, Inc.<br>PO Box 85160<br>Tucson, AZ 85754  |
| 4  | Forest Highlands Water Company<br>2425 William Palmer<br>Flagstaff, AZ 86001   | Halcyon Acres Water Users Association, Inc.<br>PO Box 18448<br>Tucson, AZ 85731-8448                                  |
| 5  | Fort Mojave Tribal Utilities Authority<br>Attn: Virginia Tasker, Accountant<br>PO Box 5559<br>Mohave Valley, AZ 86446    | Harrisburg Utility Company, Inc.<br>PO Box 905<br>Salome, AZ 85348  |
| 6  | Francesca Water Company, Inc.<br>PO Box 85160<br>Tucson, AZ 85754  | Heart Cab Co., Inc. dba Sulger Water Company, #2<br>2611 N. Calle Seis<br>Huachuca City, AZ 85616                     |
| 7  | Francisco Grande Utility Company<br>26000 Gila Bend Highway<br>Casa Grande, AZ 85222                                     | High County Pines Water Company, Inc.<br>6033 N. 4th Place<br>Phoenix, AZ 85012                                       |
| 8  | Gadsden Water Company, Inc.<br>PO Box 519<br>Somerton, AZ 85350  | Hillcrest Water Company<br>915 E. Bethany Home Rd.<br>Phoenix, AZ 85014   |
| 9  | Global Water - Picacho Cove Water Company, Inc.<br>c/o Global Water<br>21410 N. 19th Ave., Ste. 201<br>Phoenix, AZ 85027 | Holiday Enterprises Incorporated<br>dba Holiday Water Company<br>PO Box 309<br>Tombstone, AZ 85638                    |
| 10 | Global Water - Santa Cruz Water Company<br>c/o Global Water<br>21410 N. 19th Ave., Ste. 201<br>Phoenix, AZ 85027         | Hopeville Water Company, Inc.<br>1415 S. Palo Verde Rd.<br>Buckeye, AZ 85236  |
| 11 | Golden Corridor Water Company<br>c/o Arizona Water Company<br>3850 N. Black Canyon Highway<br>Phoenix, AZ 85015          | Humboldt Water Systems, Inc.<br>PO Box 10593<br>Sedona, AZ 86339  |
| 12 | Golden Shores Water Company, Inc.<br>PO Box 37<br>Topock, AZ 86436   | ICR Water Users Association, Inc.<br>PO Box 2344<br>Prescott, AZ 86302-2344   |
| 13 | Goodman Water Company<br>6340 N. Campbell Ave., Ste. 278<br>Tucson, AZ 85718   | J. D. Campbell dba West End Water Co.<br>9098 W. Pinnacle Peak Rd.<br>Peoria, AZ 85383                                |
| 14 | Graham County Utilities, Inc.<br>PO Drawer B<br>Pima, AZ 85543   | Jackson Springs Estates Home and Property Owners Association<br>6139 E. Hermosa Vista Dr.<br>Mesa, AZ 85215           |
| 15 | Grand Canyon Caverns and Inn, LLC<br>PO Box 180<br>Peach Springs, AZ 86434   | Janice E. Worden and Lawrence A. Worden<br>dba Worden Water Company<br>15150 W. Ajo Way, Ste. 568<br>Tucson, AZ 85735 |
| 16 | Grandview Water Company, Inc.<br>11632 S. 194th Dr.<br>Buckeye, AZ 85326   | Johnson Utilities, LLC<br>5230 E. Shea Blvd., Ste. 200<br>Scottsdale, AZ 85254  |
| 17 | Granite Dells Water Company<br>3025 N. State Route 89<br>Prescott, AZ 86301  | Joshua Valley Utility Company<br>5219 N. Casa Blanca Dr., Ste. 55<br>Paradise Valley, AZ 85253                        |
| 18 | Granite Mountain Water Company<br>PO Box 350<br>Chino Valley, AZ 86323   | Juniper Wells Water Company<br>300 N. Lynx Creek Rd.<br>Prescott, AZ 86303-6828                                       |
| 19 | Granite Oaks Water Users Association, Inc.<br>PO Box 4947<br>Chino Valley, AZ 86323                                      | Junipine Community Property Owners Association<br>8351 N. Hwy 89A<br>Sedona, AZ 86336                                 |
| 20 | Great Prairie Oasis, LLC dba Sunland Water Company<br>7502 E. Hazelwood St.<br>Scottsdale, AZ 85251                      | Kacy J. Parker dba Jake's Corner Water System<br>1400 N. Beeline Hwy<br>Payson, AZ 85541-3103                         |
| 21 | Green Acres Water Company<br>4743 E. 30th Place<br>Yuma, AZ 85365  | Kacy Parker dba Arroyo Water Co.<br>1400 N. Beeline Hwy<br>Payson, AZ 85541-3103                                      |
| 22 |  | Katherine Resort Water Company<br>6126 Chrismark Ave.<br>San Diego, AZ 92120  |
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- 1 Kohl's Ranch Water Company  
PO Box 206  
Payson, AZ 85547
- 2 Kraus Investment LC dba Shangri-La Ranch/Waterworks  
44444 N. Shangri-La Lane  
New River, AZ 85087
- 3 Kylio Development Corp.  
dba Bradshaw Mountainview Water Company  
PO Box 10593  
Sedona, AZ 86339
- 4 La Casita Water Company, Inc.  
PO Box 13208  
Tucson, AZ 85732
- 6 Lago Del Oro Water Company  
9532 E. Riggs Rd.  
Sun Lakes, AZ 85248
- 7 Lagoon Estates Water Company, Inc.  
2600 N. 44th St., Ste. 203  
Phoenix, AZ 85008
- 8 Lake Pleasant Water Company  
2390 E. Camelback Rd., Ste. 310  
Phoenix, AZ 85016
- 10 Lake Verde Water Company, Inc.  
738 S. Parks Dr.  
Camp Verde, AZ 86322
- 11 Las Quintas Serenas Water Company  
PO Box 68  
Sahuarita, AZ 85629
- 12 Lazy C Water Service  
PO Box 1  
Tucson, AZ 85702
- 13 Litchfield Park Services Company  
12725 W. Indian School Rd., Ste. D101  
Avondale, AZ 85392
- 14 Little Park Water Company  
45 Castle Rock Rd., Ste. 4  
Sedona, AZ 86351
- 15 Livco Water Company  
PO Box 659  
Concho, AZ 85924
- 16 Loma Estates Water Co., LLC  
11620 Bella Sierra Trail  
Prescott, AZ 86305
- 17 Lord Arizona Water Systems, Inc.  
PO Box 3048  
Show Low, AZ 85901
- 18 Los Cerros Water Company, Inc.  
4003 N. Flowing Wells Rd., Ste. 111  
Tucson, AZ 85705
- 19 Lucky Hills Water Company  
PO Box 309  
Tombstone, AZ 85638-0309
- 20 Lyn Lee Water Company  
6101 N. Camino De La Tierra  
Tucson, AZ 85741
- 21 McNeal Water Company  
PO Box 12776  
Ft. Huachuca, AZ 85670-2776
- 22 Meadow Water Company  
PO Box 3937  
Prescott, AZ 86302-3937
- 23 Mescal Lakes Water Systems, Inc.  
PO Box 85160  
Tucson, AZ 85754
- 24 Michael's Ranch Water Users' Association  
1 Michael Ranch Dr.  
Sedona, AZ 86336
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- Mirabell Water Company, Inc.  
PO Box 85160  
Tucson, AZ 85754
- Mohawk Utility Company  
36140 Antelope Dr.  
Wellton, AZ 85356
- Monte Vista Water Co., L.L.C.  
4762 N. Rustler Place  
Douglas, AZ 85607
- Montezuma Rimrock Water Company, LLC  
3031 E. Beaver Creek Rd.  
Rimrock, AZ 86335
- Mormon Lake Water Co.  
PO Box 29041  
Phoenix, AZ 85038
- Morristown Water Company  
PO Box 156  
Morristown, AZ 85342
- Mountain Dell Water, Inc.  
1492 W. Palmer Ave.  
Flagstaff, AZ 86001
- Mountain Glen Water Service, Inc.  
PO Box 4230  
Show Low, AZ 85902
- Mt. Tipton Water Co., Inc.  
PO Box 38  
Dolan Springs, AZ 86441
- Naco Water Company, LLC  
PO Box 85160  
Tucson, AZ 85754
- Narvol D. Bales dba Sunizona Water Company  
5416 E. Hwy 181  
Pearce, AZ 85625
- Navajo Water Co., Inc.  
7581 E. Academy Blvd., Ste. 229  
Denver, CO 80230
- New River Utility Company, Inc.  
7939 W. Deer Valley Rd.  
Peoria, AZ 85382
- Loma Linda Estates, Inc. dba Loma Linda Water Co.  
PO Box 967  
Thatcher, AZ 85552
- Oak Creek Public Service, LLC  
PO Box 103  
Cornville, AZ 86325
- Oak Creek Utility Corporation  
PO Box 1020  
Apache Junction, AZ 85117-4039
- Oak Creek Water Co., No. 1  
90 Oak Creek Blvd.  
Sedona, AZ 86336
- Oatman Water Company, L.L.C.  
9184 N. 81st St.  
Scottsdale, AZ 85258
- Orange Grove Water Company  
PO Box 889  
Yuma, AZ 85366
- Park Water Company, Inc.  
PO Box 85160  
Tucson, AZ 85754
- Parker Lakeview Estates Homeowners Association, Inc.  
HC1 Box 474  
Elgin, AZ 85611
- Payson Water Co., Inc.  
7581 E. Academy Blvd., Ste. 229  
Denver, CO 80230

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| 1  | Peebles Valley Water Company<br>PO Box 88006<br>Phoenix, AZ 85080                                      | Rincon Water Company<br>HC #70, Box 3601<br>Sahuarita, AZ 85629   |
| 2  | Perkins Mountain Water Company<br>4544 Highway 95<br>Bullhead City, AZ 86426                           | Rio Rico Utilities, Inc.<br>12725 W. Indian School Rd., Ste. D101<br>Avondale, AZ 85392                         |
| 3  | Picacho Peak Water Company<br>28784 Stonehenge Dr.<br>Chesterfield, MI 48047                           | Rio Verde Utilities, Inc.<br>25609 N. Danny Lane<br>Rio Verde, AZ 85263   |
| 4  | Picacho Water Company<br>9532 E. Riggs Rd.<br>Sun Lakes, AZ 85248                                      | Roosevelt Lake Resort, Inc.<br>PO Box 695<br>Roosevelt, AZ 85445  |
| 5  | Picacho Water Improvement Corporation<br>6240 E. Monitor<br>Picacho, AZ 85141                          | Rose Valley Water Company, Inc.<br>PO Box 1444<br>Green Valley, AZ 85622-1444                                   |
| 6  | Pima Water Company<br>9532 E. Riggs Rd.<br>Sun Lakes, AZ 85248   | Saguaro Water Company<br>PO Box 14858<br>Tucson, AZ 85732   |
| 7  | Pine Valley Water Company<br>480 Raintree Rd.<br>Sedona, AZ 86351                                      | Sahuarita Water Company LLC<br>4549 E. Fort Lowell Rd.<br>Tucson, AZ 85712                                      |
| 8  | Pinecrest Water Company, Inc.<br>PO Box 97<br>Nutrioso, AZ 85932                                       | Sandario Water Company, Inc.<br>PO Box 85160<br>Tucson, AZ 85754  |
| 9  | Ponderosa Utility Corporation<br>949 Osage St.<br>Flagstaff, AZ 86001                                  | Santa Rosa Water Company<br>9532 E. Riggs Rd.<br>Sun Lakes, AZ 85248  |
| 10 | Pueblo Del Sol Water Company<br>4226 Avenida Cochise, Ste. 13<br>Sierra Vista, AZ 85635                | Seven Canyons Water Company<br>c/o Avion Holdings, LLC<br>15290 N. 78th Way, Ste. B-204<br>Scottsdale, AZ 85260 |
| 11 | Puesta Del Sol Water Company<br>3626 Liese Dr.<br>Prescott, AZ 86303-5733                              | Shepard Water Company<br>10430 N. Martinez Lake Rd.<br>Yuma, AZ 85365   |
| 12 | Q Mountain Mobile Home Park<br>PO Box 4930<br>Quartzsite, AZ 85359                                     | Sherman Pines Water Co.<br>1203 E. Pine Ridge Dr.<br>Prescott, AZ 86303-5940                                    |
| 13 | Q Mountain Water, Inc.<br>1334 S. 5th Ave.<br>Yuma, AZ 85364   | Sitgreaves Water Company<br>PO Box 3048<br>Show Low, AZ 85902   |
| 14 | Quail Creek Water Company<br>9532 E. Riggs Rd.<br>Sun Lakes, AZ 85248                                  | Sonoita Valley Water Company<br>PO Box 85160<br>Tucson, AZ 85754  |
| 15 | Rainbow Parks, Inc. dba Escapees at North Ranch<br>7581 E. Academy Blvd., Ste. 229<br>Denver, CO 80230 | South Rainbow Valley Water Coop.<br>27205 S. 170th Ave.<br>Buckeye, AZ 85326-4614                               |
| 16 | Rancheros Bonitos Water Co., L.L.C.<br>4743 E. 30th Place<br>Yuma, AZ 85365                            | Southland Utilities Company, Inc.<br>PO Box 85160<br>Tucson, AZ 85754   |
| 17 | Rancho Del Conejo Community Water Co-op, Inc.<br>13130 W. Rudasill Rd.<br>Tucson, AZ 85743             | Southwestern Farm and Cattle Company<br>48 N. Tucson Blvd., Ste. 100<br>Tucson, AZ 85716-4756                   |
| 18 | Ray Water Company, Inc.<br>414 N. Court Ave.<br>Tucson, AZ 85701                                       | Spanish Trail Water Company<br>2200 E. River Rd., Ste. 115<br>Tucson, AZ 85718                                  |
| 19 | Red Rock Utilities, LLC<br>2200 E. River Rd., Ste. 115<br>Tucson, AZ 85718                             | Spring Branch Water Company, Inc.<br>1223 S. Clearview Ave., Ste. 103<br>Mesa, AZ 85209                         |
| 20 | Ridgeline Water Company, L.L.C.<br>6141 N. Pomona Rd.<br>Tucson, AZ 85704-1045                         | Starlight Water Company, Inc.<br>PO Box 85160<br>Tucson, AZ 85754   |
| 21 | Ridgeview Utility Company<br>9532 E. Riggs Rd.<br>Sun Lakes, AZ 85248                                  | Sterling Water Company<br>12438 N. Saguaro Blvd., Ste. 114<br>Fountain Hills, AZ 85268                          |
| 22 | Rillito Water Users Association<br>PO Box 668<br>Rillito, AZ 85646                                     | Stoneman Lake Water Company, Inc.<br>PO Box 10061<br>Sedona, AZ 86339   |
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| 1  | Strawberry Water Company<br>HC 1 Box 702<br>Strawberry, AZ 85544                                  | Twin Hawks Utility, Inc.<br>PO Box 70022<br>Tucson, AZ 85737  |
| 2  | Sun Leisure Estates Utilities Company, Inc.<br>PO Box 1074<br>Yuma, AZ 85366                      | Utility Source, LLC<br>20525 E. Chandler Heights Rd.<br>Queen Creek, AZ 85142-9500                                  |
| 3  | Sun Valley Farms Unit VI Water Co., Inc.<br>3698 E. Hashknife Draw Rd.<br>Santan Valley, AZ 85140 | Utility Systems, LLC<br>173 S. Blackfoot Rd.<br>Payson, AZ 85541  |
| 4  | Sunrise Utilities, L.L.C.<br>2960 S. Scenic Blvd.<br>Littlefield, AZ 86432                        | Vail Water Company, Inc.<br>1010 N. Finance Center Dr., Ste. 200<br>Tucson, AZ 85710                                |
| 5  | Sunrise Vistas Utilities Company<br>PO Box 8555<br>Ft. Mohave, AZ 86427                           | Valencia Water Company, Inc.<br>c/o Global Water<br>21410 N. 19th Ave., Ste. 201<br>Phoenix, AZ 85027               |
| 6  | Sunrise Water Company<br>9098 W. Pinnacle Peak Rd.<br>Peoria, AZ 85383                            | Valle Verde Water Company<br>PO Box 85160<br>Tucson, AZ 85754   |
| 7  | Tacna Water Management Company<br>4743 E. 30th Place<br>Yuma, AZ 85365                            | Valley Pioneer's Water Company, Inc.<br>5998 W. Chino Dr.<br>Golden Valley, AZ 86413                                |
| 8  | Tall Pines Estates Water & Improvement Association, Inc.<br>HC 31 Box 25<br>Mormon Lake, AZ 86038 | Valley Utilities Water Co., Inc.<br>6808 N. Dysart Rd., Ste. 112<br>Glendale, AZ 85307                              |
| 9  | The Morenci Water and Electric Company<br>PO Box 68<br>Morenci, AZ 85540                          | Valley View Water Company<br>PO Box 12490<br>Scottsdale, AZ 85267-2490  |
| 10 | Thim Utility Co.<br>PO Box 85160<br>Tucson, AZ 85754  | Verde Lakes Water Company<br>2867 S. Verde Lakes Dr., Ste. B<br>Camp Verde, AZ 86322                                |
| 11 | Thim Water Corporation<br>PO Box 85160<br>Tucson, AZ 85754  | Verde Lee Water Co., Inc.<br>PO Box 1322<br>Clifton, AZ 85533   |
| 12 | Tierra Buena Water Company, Inc.<br>12540 W. Bethany Home Rd.<br>Litchfield Park, AZ 85340        | Vernon Valley Water Co., Inc.<br>PO Box 364<br>Overgaard, AZ 85933  |
| 13 | Tierra Linda Water Company, Inc.<br>PO Box 14858<br>Tucson, AZ 85732                              | Virgin Mountain Utilities Company, Inc.<br>PO Box 668<br>Beaver Dam, AZ 86432                                       |
| 14 | Tierra Mesa Estates Water Co.<br>4743 E. 30th Place<br>Yuma, AZ 85365                             | Viva Development Corporation<br>PO Box 12863<br>Tucson, AZ 85732  |
| 15 | Tierra Mesa Estates Water Co.<br>4743 E. 30th Place<br>Yuma, AZ 85365                             | Voyager at White Mountain Lakes Water Company, Inc.<br>PO Box 655<br>Vail, AZ 85641                                 |
| 16 | Tonto Creek Water Company, LLC<br>4486 E. Ford Ave.<br>Gilbert, AZ 85234                          | Voyager Water Company<br>8701 S. Kolb Rd.<br>Tucson, AZ 85756   |
| 17 | Tonto Village Water Company, Inc.<br>173 S. Blackfoot Rd.<br>Payson, AZ 85541                     | Walden Meadows Community Co-Op<br>9325 Donegal Dr., Ste. A<br>Wilhoit, AZ 86332                                     |
| 18 | Tortolita Water Co., Inc.<br>3573 E. Sunrise Dr., Ste. 133<br>Tucson, AZ 85718                    | Walnut Creek Water Company, Inc.<br>119 E. Andy Devine Ave.<br>Kingman, AZ 86401                                    |
| 19 | Truxton Canyon Water Company, Inc.<br>7313 E. Concho Dr., Ste. B<br>Kingman, AZ 86401             | WATCO, Inc.<br>PO Box 364<br>Overgaard, AZ 85933  |
| 20 | Tubac Water Company, Inc.<br>2525 Broadway Blvd.<br>Tucson, AZ 85716                              | Water Utility of Greater Tonopah, Inc.<br>c/o Global Water<br>21410 N. 19th Ave., Ste. 201<br>Phoenix, AZ 85027     |
| 21 | Turner Ranches Water & Sanitation Company<br>PO Box 1020<br>Apache Junction, AZ 85217-1020        | Water Utility of Northern Scottsdale, Inc.<br>c/o Global Water<br>21410 N. 19th Ave., Ste. 201<br>Phoenix, AZ 85027 |
| 22 | Tusayan Water Development Association, Inc.<br>PO Box 520<br>Grand Canyon, AZ 86023               |   |
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| 1  | Wayward Wind's<br>5416 E. Hwy 181<br>Pearce, AZ 85625  | Hassayampa Utility Company, Inc.<br>c/o Global Water<br>21410 N. 19th Ave., Ste. 201<br>Phoenix, AZ 85027                                   |
| 2  | White Hills Water Company, Inc.<br>PO Box 30626<br>Mesa, AZ 85275  | Kings Ranch Unit 2 Domestic Wastewater Improvement District<br>c/o Virginia Gray, Chairperson<br>PO Box 1555<br>Black Canyon City, AZ 85324 |
| 3  | White Horse Ranch Owners Association, Inc.<br>c/o HOAMCO<br>PO Box 10000<br>Prescott, AZ 86304                             | Lake Pleasant Sewer Company<br>PO Box 245<br>Cave Creek, AZ 85327   |
| 4  | White Mountain Water Company<br>PO Box 24204<br>Tempe, AZ 85285  | Perkins Mountain Utility Company<br>4544 Highway 95<br>Bullhead City, AZ 86426  |
| 5  | Wickenburg Ranch West, LLC<br>PO Box 16460<br>Phoenix, AZ 85011  | Picacho Sewer Company<br>9532 E. Riggs Rd.<br>Sun Lakes, AZ 85248   |
| 6  | William F. Lesko dba Heckthorn Water Company<br>4400 E. Button Lane<br>Flagstaff, AZ 86001                                 | Pima Utility Company<br>9532 E. Riggs Rd.<br>Sun Lakes, AZ 85248  |
| 7  | Willow Lakes Property Owners Association, Inc.<br>PO Box 1179<br>Benson, AZ 85602  | Pine Meadows Utilities, LLC<br>7581 E. Academy Blvd., Ste. 229<br>Denver, CO 80230  |
| 8  | Willow Springs Utilities, LLC<br>3275 W. Ina Rd., Ste. 275<br>Tucson, AZ 85741-2338  | Litchfield Park Service Company<br>12725 W. Indian School Rd., Ste. D101<br>Avondale, AZ 85392  |
| 9  | Willow Valley Water Co., Inc.<br>c/o Global Water<br>21410 N. 19th Ave., Ste. 201<br>Phoenix, AZ 85027                     | Livco Sewer Company<br>PO Box 659<br>Concho, AZ 85924   |
| 10 | Winchester Water Company, Inc.<br>7925 N. Oracle Rd., Ste. A202<br>Tucson, AZ 85704  | Martinez Lake Sewer Company<br>10430 N. Martinez Lake Rd.<br>Yuma, AZ 85365   |
| 11 | Woodruff Water Company, Inc.<br>17207 N. Perimeter Dr., Ste. 200<br>Scottsdale, AZ 85255                                   | Mountain Pass Utility Company<br>9532 E. Riggs Rd.<br>Sun Lakes, AZ 85248   |
| 12 | Woody's Enterprises, Ltd. dba Ho-Tye Water Company<br>11632 S. 194th Dr.<br>Buckeye, AZ 85326                              | Sacramento Utilities, LLC<br>PO Box 132<br>Kirkland, AZ 86332   |
| 13 | Yarnell Water Improvement Association<br>PO Box 727<br>Yarnell, AZ 85362   | Saddlebrooke Utility Company<br>9532 E. Riggs Rd.<br>Sun Lakes, AZ 85248  |
| 14 | Yucca Water Association, Inc.<br>PO Box 575<br>Yucca, AZ 86438   | Santa Rosa Utility Company<br>9532 E. Riggs Rd.<br>Sun Lakes, AZ 85248  |
| 15 | Biasi Water Company, Inc.<br>PO Box 518<br>Beaver Dam, AZ 86432  | Seven Canyons Water Treatment Company<br>c/o Avion Holdings, LLC<br>15290 N. 78th Way, Ste. B-204<br>Scottsdale, AZ 85260                   |
| 16 | Black Mountain Sewer Corporation<br>12725 W. Indian School Rd., Ste. D101<br>Avondale, AZ 85392                            | Sweetwater Creek Utilities, Inc.<br>4730 E. 30th Place<br>Yuma, AZ 85365  |
| 17 | Coronado Utilities, Inc.<br>7581 E. Academy Blvd., Ste. 229<br>Denver, CO 80230  | The Links at Coyote Wash Utilities, LLC<br>7581 E. Academy Blvd., Ste. 229<br>Denver, CO 80230  |
| 18 | Entrada Del Oro Sewer Company<br>12725 W. Indian School Rd., Ste. D101<br>Avondale, AZ 85392                               | Verde Santa Fe Wastewater Company, Inc.<br>7581 E. Academy Blvd., Ste. 229<br>Denver, CO 80230  |
| 19 | Global Water - Palo Verde Utilities Company, Inc.<br>c/o Global Water<br>21410 N. 19th Ave., Ste. 201<br>Phoenix, AZ 85027 | Wickenburg Ranch Wastewater, LLC<br>PO Box 16460<br>Phoenix, AZ 85011   |
| 20 | Global Water - Picacho Cove Utilities Company<br>c/o Global Water<br>21410 N. 19th Ave., Ste. 201<br>Phoenix, AZ 85027     | Arizona Electric Power Cooperative, Inc.<br>PO Box 670<br>Benson, AZ 85602  |
| 21 | Gold Canyon Sewer Company<br>12725 W. Indian School Rd., Ste. D101<br>Avondale, AZ 85392                                   | Arizona Public Service Company<br>PO Box 53999 Station 9708<br>Phoenix, AZ 85072-3999   |
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1 Columbus Electric Cooperative, Inc.  
PO Box 631  
Deming, NM 88031

2 Dixie-Escalante Rural Electric Association, Inc.  
71 E. Hwy 56  
Beryl, UT 84714

3 Duncan Valley Electric Cooperative, Inc.  
PO Box 440  
Duncan, AZ 85534

4 Garkane Energy Cooperative, Inc.  
PO Box 465  
Loa, UT 84747

5 Graham County Electric Cooperative, Inc.  
PO Drawer B  
Pima, AZ 85543

6 Mohave Electric Cooperative, Inc.  
PO Box 1045  
Bullhead City, AZ 86430-1045

7 Navapache Electric Cooperative, Inc.  
1878 W. White Mountain Blvd.  
Lakeside, AZ 85929

8 Noble Americas Energy Solutions, LLC  
401 W. A St., Ste. 500  
San Diego, CA 92101-3017

9 Southwest Transmission Cooperative, Inc.  
PO Box 2195  
Benson, AZ 85602

10 Sulphur Springs Valley Electric Cooperative, Inc.  
350 N. Haskell Ave.  
Willcox, AZ 85643

11 Trico Electric Cooperative, Inc.  
PO Box 930  
Marana, AZ 85653-0930

12 Tucson Electric Power Company  
PO Box 711, Mailstop HQE910  
Tucson, AZ 85702

13 UNS Electric, Inc.  
PO Box 711, Mailstop HQE910  
Tucson, AZ 85702

14 Alliant Gas, LLC  
200 W. Longhorn Rd.  
Payson, AZ 85541

15 Copper Market, Inc.  
PO Box 245  
Bagdad, AZ 86321

16 Duncan Valley Electric Cooperative's Gas Division  
PO Box 440  
Duncan, AZ 85534

17 Graham County Utilities, Inc. (Gas Division)  
PO Drawer B  
Pima, AZ 85543

18 Southwest Gas Corporation  
PO Box 98510  
Las Vegas, NV 89193-8510

19 UNS Gas, Inc.  
PO Box 711, Mailstop HQE910  
Tucson, AZ 85702

20 Harold W. Bullard dba Verde West Irrigation  
PO Box 744  
Camp Verde, AZ 86322

21 Turner Ranches Water & Sanitation Company  
PO Box 1020  
Apache Junction, AZ 85217-1020

22 Ashline Group  
14231 N. 51st Dr.  
Glendale, AZ 85306

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Bill Bradford dba Bradford Communications  
PO Box 702  
Pearce, AZ 85625

Commercial Pay Phones, LLC  
8510 NW 56th St.  
Miami, FL 33166

Custom Communications Network  
2251 N. Rampart Blvd., Ste. 255  
Las Vegas, NV 89128

Ambalel B. Patel dba D.M. Motel  
2131 S. Craycroft Rd.  
Tucson, AZ 85711

DSI-ITI, LLC  
Attn: Susan Cockerham  
12021 Sunset Hills Rd., Ste. 100  
Reston, AZ 20190

Embarq Payphone Services, Inc.  
100 CenturyLink Dr., MS: 1NW702  
Monroe, LA 71203

FSH Communications, LLC  
115 S. LaSalle, Ste. 2600  
Chicago, IL 60603

Global Tel\*Link Corporation  
Attn: Susan Cockerham  
12021 Sunset Hills Rd., Ste. 100  
Reston, AZ 20190

IMC/Information Management Consultants  
1630 E. Briarwood Terrace  
Phoenix, AZ 85048

Inmate Calling Solutions, LLC  
2200 Danbury St.  
San Antonio, TX 78217

Interstate Telecommunications, Inc.  
1385 Weber Industrial Dr.  
Cumming, GA 30041

Kevin Knutson dba Cryptic Communications  
10807 N. Sundown Dr.  
Scottsdale, AZ 85260

Metro Vending of Arizona, Co.  
PO Box 28237  
Tempe, AZ 85285

Pacific Communications, LLC  
6115 S. Kyrene Rd. Ste. 103  
Tempe, AZ 85283

Pay Tel Communications, Inc.  
4230 Beechwood Dr.  
Greensboro, NC 27410

Public Communications Services, Inc.  
Attn: Susan Cockerham  
12021 Sunset Hills Rd., Ste. 100  
Reston, AZ 20190

Radical System Solutions, Inc.  
8018 E. Santa Ana Canyon Rd., Ste. 100#163  
Anaheim, CA 92808-1102

R. Scott De Long dba DeLong Industries Group, Inc.  
232 Avenida Fabricante  
San Clemente, CA 92672

Securus Technologies, Inc.  
14651 Dallas Pkwy., Ste. 600  
Dallas, TX 75254

Sugar Kane Vending Company, LLC dba Community Pay Phone  
1687 W. Silver Berry Pl.  
Tucson, AZ 85737-7255

The Antigua Group, Inc.  
16651 N. 84th Ave.  
Peoria, AZ 85382

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|----|---|---|
| 1  | Todd Brooke dba Universal Telecom<br>10105 E. Via Linda, Ste. 103-244<br>Scottsdale, AZ 85258                     | AmeriVision Communications, Inc. dba Affinity4<br>999 Waterside Dr., Ste. 1910<br>Norfolk, VA 23510 |
| 2  | Value-Added Communications, Inc.<br>Attn: Susan Cockerham<br>12021 Sunset Hills Rd., Ste. 100<br>Reston, AZ 20190 | Arizona Telephone Company<br>204 N. Indiana St.<br>PO Box 88<br>Roachdale, IN 46172-0088            |
| 3  | WiMacTel, Inc.<br>13515 I Circle<br>Omaha, NE 68137   | AT&T Corp.<br>Attn: Cindy Hardy<br>One AT&T Way, Rm 3C220G<br>Bedminster, NJ 07921                  |
| 4  | 1-800 Collect, Inc. dba Simple Billing Solutions<br>1685 Gailles Blvd., Ste. B<br>San Diego, CA 92154             | ATC Outdoor DAS, LLC<br>116 Huntington Ave., 11th Floor<br>Boston, MA 02116                         |
| 5  | 800 Response Information Services LLC<br>Telecom Plaza<br>200 Church St<br>Burlington, VT 05401                   | Bandwidth.com CLEC, LLC<br>900 Main Campus Dr., Ste. 500<br>Raleigh, NC 27606                       |
| 6  | ABS-CBN Telecom North America, Incorporated<br>150 Shoreline Dr.<br>Redwood City, CA 94065                        | BCE Nexxia Corporation<br>160 Elgin St., 19th Floor<br>Ottawa Ontario, Canada K2P 2C4               |
| 7  | Access One, Inc.<br>820 W. Jackson Blvd., 6th Floor<br>Chicago, IL 60607  | BCN Telecom, Inc.<br>550 Hills Dr., Ste. 110, 1st Floor<br>Bedminster, NJ 07921                     |
| 8  | Access Point, Inc.<br>1100 Crescent Green, Ste. 109<br>Cary, NC 27518   | Bellsouth Long Distance, Inc.<br>675 W. Peachtree St., Rm 17E21<br>Atlanta, GA 30308                |
| 9  | AccessLine Communications Corporation<br>11201 SE Eighth St., Ste. 200<br>Bellevue, WA 98004                      | BetterWorld Telecom, LLC<br>11951 Freedom Dr., 13th Floor<br>Reston, VA 20190                       |
| 10 | Accipiter Communications Inc., dba Zona Communications<br>2238 W. Lone Cactus Dr., Ste. 100<br>Phoenix, AZ 85027  | Broadband Dynamics, LLC<br>8757 E. Via De Commercio, 1st Floor<br>Scottsdale, AZ 85258              |
| 11 | ACN Communication Services, Inc.<br>1000 Progress Place<br>Concord, NC 28025-2449                                 | Broadview Networks, Inc.<br>1018 W. 9th Ave.<br>King of Prussia, PA 19406                           |
| 12 | Advantage Telecommunications Corp.<br>3001 Aloma Ave., Ste. 304<br>Winter Park, FL 32792                          | Broadvox-CLEC, LLC<br>1950 Stemmons Fwy., Ste. 3031<br>Dallas, TX 75207                             |
| 13 | Affinity Network Incorporated dba QuantumLink Communications<br>250 Pilot Rd., Ste. 300<br>Las Vegas, NV 89119    | Broadwing Communications, LLC<br>1025 Eldorado Blvd.<br>Broomfield, CO 80021                        |
| 14 | Airespring, Inc.<br>6060 Sepulveda Blvd., Ste. 220<br>Van Nuys, CA 91411  | BT Communications Sales, LLC<br>11440 Commerce Park Dr., Ste. 1000<br>Reston, VA 20191              |
| 15 | Airmex Communications, Inc.<br>5000 Hopyard Rd., Ste. 240<br>Pleasanton, CA 94588                                 | Budget PrePay, Inc.<br>1325 Barksdale Blvd., Ste. 200<br>Bossier City, LA 71111                     |
| 16 | Alliance Global Networks, LLC<br>1221 Post Rd. E.<br>Westport, CT 06880   | Buehner-Fry, Inc. dba Resort Operator Services<br>389 SW Scalehouse Ct., Ste. 100<br>Bend, OR 97702 |
| 17 | Alliance Group Services, Inc.<br>1221 Post Rd. E.<br>Westport, CT 06880   | BullsEye Telecom, Inc.<br>25925 Telegraph Rd., Ste. 210<br>Southfield, MI 48033                     |
| 18 | America Net, LLC<br>3580 Wilshire Blvd., 17th Floor<br>Los Angeles, CA 90010                                      | Business Discount Plan, Inc.<br>One World Trade Center St., Ste. 800<br>Long Beach, CA 90831        |
| 19 | American Phone Services, Corp.<br>308 Maxwell Rd., Ste. 100<br>Alpharetta, GA 30009                               | Business Network Long Distance, Inc.<br>1400 Sixteenth St., Ste. 400<br>Denver, CO 80202            |
| 20 | American Telecommunications Systems, Inc.<br>4450 Belden Village St. NW, Ste. 602<br>Canton, OH 44718             | Business Telecom, Inc.<br>7037 Old Madison Pike, Ste. 400<br>Huntsville, AL 35806                   |
| 21 | Americatel Corporation<br>433 E. Las Colinas Blvd., Ste. 500<br>Irving, TX 75039                                  | Cascade Access, LLC<br>PO Box 189<br>Estacada, OR 97023   |
| 22 | Americom Technologies, Inc. dba Network Utilization Services<br>PO Box 990-165<br>Boston, MA 02199                | Cbeyond Communications, LLC<br>320 Interstate North Pkwy. SE<br>Atlanta, GA 30339-2213              |



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|----|---|---|
| 1  | Central Telecom Long Distance, Inc.<br>102 S. Tejohn St., 11th Floor<br>Colorado Springs, CO 80903  | EarthLink Business LLC<br>2610 Horizon Dr., Ste. B<br>Grand Rapids, MI 49546                      |
| 2  | Cincinnati Bell Any Distance, Inc.<br>221 E. Fourth St., Ste. 103-1170<br>Cincinnati, OH 45202      | Easton Telecom Services, LLC<br>Summit II - Unit A<br>3046 Brecksville Rd.<br>Richfield, OH 44286 |
| 3  | Citynet Arizona, LLC<br>170 S. William Dillard Dr., Ste. 115<br>Gilbert, AZ 85233                   | Electric Lightwave, LLC<br>1201 NE Lloyd Blvd., Ste. 500<br>Portland, OR 97232                    |
| 4  | Clear World Communications Corporation<br>3501 S. Harbot Blvd., Ste. 200<br>Santa Ana, CA 92704     | Embarq Communications, Inc.<br>100 CenturyLink Dr.<br>Monroe, LA 71203                            |
| 5  | Comcast Phone of Arizona, LLC<br>Attn: Joanne Horstmann<br>200 Cresson Blvd.<br>Oaks, PA 19456      | Encompass Communications, LLC<br>119 W. Tyler St., Ste. 286<br>Longview, TX 75601                 |
| 6  | Coast International, Inc.<br>14303 W. 95th St.<br>Lenexa, KS 66215                                  | Enhanced Communications Group, LLC<br>PO Box 936<br>Bartlesville, OK 74005                        |
| 7  | Communications Network Billing, Inc.<br>200 S. Virginia St., 8th Floor<br>Reno, NV 89501            | Enhanced Communications Network, Inc.<br>1031 S. Glendora Ave.<br>West Covina, CA 91790           |
| 8  | ComNet (USA), LLC<br>700 S. Flower St., Ste. 950<br>Los Angeles, CA 90017                           | Enteleagent Solutions, Inc.<br>3800 Arco Corp Dr., Ste. 310<br>Charlotte, NC 28273                |
| 9  | ComTech21, LLC<br>One Barnes Park S.<br>Wallingford, CT 06492                                       | Ernest Communications, Inc.<br>5275 Triangle Pkwy., Ste. 150<br>Norcross, GA 30092                |
| 10 | Conectado, Inc.<br>701 N. Green Valley Pkwy., Ste. 200<br>Henderson, NV 89074                       | Eschelon Telecom of Arizona, Inc.<br>1201 NE Lloyd Blvd., Ste. 500<br>Portland, OR 97232          |
| 11 | Consumer Telcom, Inc.<br>701 N. Green Valley Pkwy., Ste. 200<br>Henderson, NV 89074                 | ExteNet Systems, Inc.<br>3030 Warrenville Rd., Ste. 340<br>Lisle, IL 60532                        |
| 12 | Copper Valley Telephone, Inc.<br>PO Box 970<br>Willcox, AZ 85644                                    | First Choice Technology, Inc.<br>903 Lake Lilly Dr., Ste. A125<br>Maitland, FL 32751              |
| 13 | Cox Arizona Telcom, LLC<br>1550 W. Deer Valley Rd.<br>Phoenix, AZ 85027                             | First Communications, LLC<br>3340 W. Market St.<br>Akron, OH 44333                                |
| 14 | Crexendo Business Solutions, Inc.<br>89 W. 13490 S., Ste. 150<br>Draper, UT 84020                   | France Telecom Corporate Solutions, LLC<br>13775 McLearn Rd., MS: 1100<br>Oak Hill, VA 20171-3212 |
| 15 | CTC Communications Corp<br>5 Wall St.<br>Burlington, MA 01803                                       | Frontier Citizens Utilities Rural<br>1800 41st St.<br>Everett, WA 98201                           |
| 16 | Custom Network Solutions, Inc.<br>210 Route 4 E., Ste. 201<br>Paramus, NJ 07652                     | Frontier Communications of the White Mountains, Inc.<br>1800 41st St.<br>Everett, WA 98201        |
| 17 | Custom Teleconnect, Inc.<br>6242 W. Desert Inn Rd.<br>Las Vegas, NV 89146                           | Frontier Communications of America, Inc.<br>100 CTE Dr.<br>Dallas, PA 18612                       |
| 18 | Cypress Communications Operating Company, LLC<br>75 Erieview Plaza, Ste. 400<br>Cleveland, OH 44114 | Frontier Communications of the Southwest, Inc.<br>1800 4st St.<br>Everett, WA 98201               |
| 19 | DCT Telecom Group, Inc.<br>27877 Clemens Rd.<br>Westlake, OH 44145                                  | Frontier Communications Online and Long Distance, Inc.<br>100 CTE Dr.<br>Dallas, PA 18612         |
| 20 | Deltacom, Inc.<br>7037 Old Madison Pike, Ste. 400<br>Huntsville, AL 35806                           | Gila Local Exchange Carrier<br>Box 5020<br>7065 W. Allison Rd.<br>Chandler, AZ 85226              |
| 21 | dishNET Wireline, LLC<br>Attn: Tax Dept. - K. Mahurin<br>PO Box 6623<br>Englewood, CO 80155         | Global Crossing Local Services, Inc.<br>1025 Eldorado Blvd.<br>Broomfield, CO 80021               |
| 22 |   | Global Crossing Telecommunications, Inc.<br>1025 Eldorado Blvd.<br>Broomfield, CO 80021           |
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| 1  | Go Solo Technologies, Inc.<br>5410 Mariner St., Ste. 175<br>Tampa, FL 33609-3434                  | Legent Communications Corporation<br>15615 Alton Pkwy., Ste. 245<br>Irvine, CA 92618                |
| 2  | Gold Line Telemanagement, Inc.<br>300 Allstate Pkwy.<br>Markham, Ontario Canada L3R 0P2           | Level 3 Communications, LLC<br>1025 Eldorado Blvd.<br>Broomfield, CO 80021                          |
| 3  | Granite Telecommunications, LLC<br>100 Newport Ave Ext.<br>Quincy, MA 02171                       | Lexent, Inc.<br>80 Central St.<br>Boxborough, MA 01719  |
| 4  | Grasshopper Group, LLC<br>197 1st Ave., Ste. 200<br>Needham, MA 02492                             | Lightyear Network Solutions, LLC<br>1901 Eastpoint Pkwy.<br>Louisville, KY 40223                    |
| 5  | Greenfly Networks, Inc.<br>PO Box 77706<br>San Francisco, CA 94107                                | Long Distance Consolidated Billing Co.<br>20 W. Washington St., Ste. 6A<br>Clarkston, MI 48346      |
| 6  | HJN Telecom, Inc.<br>801 International Pkwy., 5th Floor<br>Lake Mary, FL 32746                    | Matrix Telecom, Inc.<br>433 E. Las Colinas Blvd., Ste. 500<br>Irving, TX 75039                      |
| 7  | Hypercube Telecom, LLC<br>3200 W. Pleasant Run Rd., Ste. 300<br>Lancaster, TX 75146               | MCC Telephony of the West, LLC<br>One Mediacom Way<br>Mediacom Park, NY 10918                       |
| 8  | IBFA Acquisition Company, LLC<br>353 Sacramento St., Ste. 1500<br>San Francisco, CA 94111         | McGraw Communications, Inc.<br>521 5th Ave., 14th Floor<br>New York, NY 10175                       |
| 9  | IDT America, Corp.<br>550 Broad St.<br>Newark, NJ 07102   | MCI Communications Services, Inc.<br>22001 Loudoun County Pkwy.<br>Ashburn, VA 20147                |
| 10 | inContact, Inc.<br>7730 S. Union Park Ave., Ste. 500<br>Midvale, UT 84047                         | MCImetro Access Transmission Services, LLC<br>22001 Loudoun Country Pkwy.<br>Ashburn, VA 20147      |
| 11 | iNetworks Group, Inc.<br>125 S. Wacker Dr., Ste. 2510<br>Chicago, IL 60606                        | McLeodUSA Telecommunications Services, LLC<br>4001 N. Rodney Parham Rd.<br>Little Rock, AR 72212    |
| 12 | Inmark, Inc.<br>442 Hayward Ave. N<br>Oakdale, MN 55128   | MegaPath Corporation<br>1835-B Kramer Lane, Ste. 100<br>Austin, TX 78758                            |
| 13 | Integrated Services, Inc.<br>5 Revere Dr.<br>One Northbrook Place<br>Northbrook, IL 60062-1550    | Mercury Voice and Data, LLC<br>12444 Powerscourt Dr., Ste. 140<br>St. Louis, MO 63131               |
| 14 | Airus, Inc. fka IntelePeer, Inc.<br>222 S. Riverside Plaza, Ste. 2730<br>Chicago, IL 60606        | Metropolitan Telecommunications of Arizona, Inc.<br>55 Water St., 31st Floor<br>New York, NY 10041  |
| 15 | Intellicall Operator Services, Inc. dba ILD<br>1049 NE Macedonia Church Ave.<br>Lee, FL 32059     | Midvale Telephone Company, Inc.<br>2205 Keithley Circle Dr.<br>Midvale, ID 83645                    |
| 16 | NOS Communications, Inc. dba International Plus<br>250 Pilot Rd., Ste. 300<br>Las Vegas, NV 89119 | Mitel NetSolutions, Inc.<br>1146 N. Alma School Rd.<br>Mesa, AZ 85201-3000                          |
| 17 | Intrado Communications, Inc.<br>1601 Dry Creek Dr.<br>Longmont, CO 80503                          | Mosaic Network LLC<br>PO Box 720128<br>Oklahoma City, OK 73172-0128                                 |
| 18 | IPC Network Services, Inc.<br>1 State Street Plaza, 12th Floor<br>New York, NY 10004              | Mountain Telecommunications of Arizona, Inc.<br>1201 NE Lloyd Blvd., Ste. 500<br>Portland, OR 97232 |
| 19 | KDDI America, Inc.<br>825 Third Ave., 3rd Floor<br>New York, NY 10022                             | Multiline Long Distance, Inc.<br>8044 Montgomery Rd., Ste. 700<br>Cincinnati, OH 45236              |
| 20 | LCR Telecommunications, LLC<br>100 W. Big Beaver Rd., Ste. 200<br>Troy, MI 48084                  | National Access Long Distance, Inc.<br>871 Coronado Center Dr., Ste. 200<br>Henderson, NV 89052     |
| 21 | Leap Frog Telecom, LLC dba Voice Telecom<br>8426 E. Shea Blvd.<br>Scottsdale, AZ 85260            | National Directory Assistance, LLC<br>12700 Townepark Way<br>Louisville, KY 40243                   |
| 22 | Least Cost Routing, Inc.<br>628 Lakeview Shores Loop<br>Mooresville, NC 28117                     | Nationwide Long Distance Services, Inc.<br>2000 Town Center, Ste. 1900<br>Southfield, MI 48075      |
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- 1 Navajo Communications Company, Inc.  
1800 41st St.  
Everett, WA 98201
- 2 NECC Telecom, Inc.  
4969 US Hwy 42, Ste. 2700  
Louisville, KY 40222
- 3 Network Billing Systems, LLC  
155 Willowbrook Blvd.  
Wayne, NJ 07470
- 4 Network Communications International Corp.  
606 E. Magrill St.  
Longview, TX 75601
- 5 Network Enhanced Technologies, Inc.  
700 S. Flower St., Ste. 420  
Los Angeles, CA 90017
- 6 Network Operator Services, Inc.  
PO Box 3529  
Longview, TX 75606
- 7 Network Service Billing, Inc.  
7251 W. Lake Mead Blvd., Ste. 300  
Las Vegas, NV 89128
- 8 NetworkIP, LLC  
119 W. Tyler St., Ste. 100  
Longview, TX 75601
- 9 Neutral Tandem-Arizona, LLC  
550 W. Adams St., Ste. 900  
Chicago, IL 60661
- 10 NewPath Networks, LLC  
2000 Corporate Dr.  
Canonsburg, PA 15317
- 11 NextG Networks of California, Inc.  
2000 Corporate Dr.  
Canonsburg, PA 15317
- 12 NextGen Communications, Inc.  
275 W. St., Ste. 400  
Annapolis, MD 21401
- 13 NobleTel, LLC  
5973 Avenida Encinas, Ste. 202  
Carlsbad, CA 92008
- 14 Norstar Telecommunications, LLC  
10025 Scenic View Rd.  
Vienna, VA 22182
- 15 North County Communications Corporation  
3802 Rosencrans, Ste. 485  
San Diego, CA 92110
- 16 NOSVA Limited Partnership  
250 Pilot Rd. Ste. 300  
Las Vegas, NV 89119
- 17 NovaTel Ltd., Inc.  
PO Box 720128  
Oklahoma City, OK 73172-0128
- 18 NTS Communications, Inc.  
5307 W. Loop 289  
Lubbock, TX 79414-1610
- 19 OneLink Communications, Inc.  
8400 N. University Dr., Ste. 204  
Tamarac, FL 33321
- 20 Onvoy, LLC  
10300 6th Ave. N.  
Plymouth, MN 55441
- 21 Operator Service Company, LLC  
PO Box 720128  
Oklahoma City, OK 73172-0128
- 22 OPEX Communications, Inc.  
3605 Long Beach Blvd., Ste. 201  
Long Beach, CA 90807
- 23 Orbitcom, Inc.  
1701 N. Louise Dr.  
Sioux Falls, SD 57107
- 24 PAETEC Communications, Inc.  
4001 N. Rodney Parham Rd.  
Little Rock, AR 72212
- 25 Peerless Network of Arizona, LLC  
222 S. Riverside Plaza, Ste. 2730  
Chicago, IL 60606
- 26 PNG Telecommunications, Inc.  
100 Commercial Dr.  
Fairfield, OH 45014
- 27 POPP.com, Inc.  
620 Mendelssohn Ave. N  
Golden Valley, MN 55427
- 28 Preferred Long Distance, Inc.  
16830 Ventura Blvd., Ste. 350  
Encino, CA 91436
- Primus Telecommunications, Inc.  
c/o Corporation Services Co.  
2338 W. Royal Palm Rd., Ste. J  
Phoenix, AZ 85021
- Public Communications Services, Inc.  
12021 Sunset Hills Rd., Ste. 100  
Reston, VA 20190
- Q Link Wireless, LLC  
499 E. Sheridan St., Ste. 300  
Dania, FL 33004
- QuantumShift Communications, Inc.  
12657 Alcosta Blvd., Ste. 418  
San Ramon, CA 94583
- Qwest Communications Company, LLC  
1801 California St., Rm. 310  
Denver, CO 80202
- Qwest Corporation  
1801 California St., Rm. 310  
Denver, CO 80202
- Qwest LD Corp.  
1801 California St., Rm. 310  
Denver, CO 80202
- Reduced Rate Long Distance, LLC  
1800 Pembroke Dr., Ste. 300  
Orlando, FL 32810
- Rio Virgin Telephone Company  
PO Box 189  
Estacada, OR 97023
- SBC Long Distance, LLC  
1010 N. St. Mary's St., Rm. 13-21  
San Antonio, TX 78215
- SNET America, Inc.  
310 Orange St., 6th Floor  
New Haven, CT 06510
- South Central Utah Telephone Association, Inc.  
PO Box 555  
45 N. 100 W.  
Escalante, UT 84726
- Southwestern Telephone Company  
204 N. Indiana St.  
PO Box 88  
Roachdale, IN 46172-0088
- Spectrotel, Inc.  
3535 State Hwy 66, Ste. 7  
Neptune, NJ 07753
- Sprint Communications Company, LP  
6391 Sprint Pkwy., MS: Z2400  
Overland Park, KS 66251

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| 1  | STi Prepaid, LLC<br>1250 Broadway, 25th Floor<br>New York, NY 10001  | Total Holdings, Inc.<br>3605 Long Beach Blvd., Ste. 201<br>Long Beach, CA 90807   |
| 2  | Access2Go, Inc.<br>1595 Peachtree Pkwy., Ste. 204-337<br>Cumming, GA 30041                                   | Touchtone Communications, Inc.<br>16 S. Jefferson Rd.<br>Whippany, NJ 07981   |
| 3  | Table Top Telephone Company, Inc.<br>PO Box 21<br>O'Neals, CA 93645  | Transtelco, Inc.<br>500 W. Overland Ave., Ste. 310<br>El Paso, TX 79901   |
| 4  | Talk America, Inc.<br>4001 N. Rodney Parham Rd.<br>Little Rock, AR 72212                                     | TransWorld Network, Corp.<br>255 Pine Ave. N<br>Oldsmar, FL 34677   |
| 5  | TCO Network, Inc.<br>13400 Bishops Lane, Ste. 295<br>Brookfield, WI 53005                                    | Globalinx Enterprises, Inc. fka Tri-M Communications, Inc.<br>5LINK Enterprises, Inc.<br>275 Kenneth Dr.<br>Rochester, NY 14623 |
| 6  | TDS Long Distance Corporation<br>525 Junction Rd.<br>Madison, WI 53717                                       | TTI National, Inc.<br>22001 Loudoun County Pkwy.<br>Ashburn, VA 20147   |
| 7  | Telco Experts, LLC<br>169 Ramapo Valley Dr., Floor 3, Ste. 303<br>Oakland, NJ 07436                          | tw telecom of arizona llc<br>10475 Park Meadows Dr.<br>Littleton, CO 80124  |
| 8  | Tele Circuit Network Corporation<br>1815 Satellite Blvd., Ste. 504<br>Duluth, GA 30097                       | U.S. Telecom Long Distance, Inc.<br>3960 Howard Hughes Pkwy.<br>Las Vegas, NV 89109   |
| 9  | Telecare, Inc.<br>176 W. Logan St., Ste. 232<br>Noblesville, IN 46060  | dPi TeleConnect, LLC<br>1330 Capital Pkwy.<br>Carrollton, TX 75006  |
| 10 | Telecom Management, Inc.<br>39 Darling Ave.<br>South Portland, ME 04106                                      | Valley Connections, LLC<br>PO Box 970<br>Willcox, AZ 85644  |
| 11 | Telecom North America Inc.<br>2654 W. Horizon Ridge Pkwy.<br>Henderson, NV 89052                             | Valley Telephone Cooperative, Inc.<br>PO Box 970<br>Willcox, AZ 85644   |
| 12 | Teleconnect Long Distance Services and Systems Co.<br>22001 Loudoun County Pkwy.<br>Ashburn, VA 20147        | Velocity The Greatest Phone Company Ever, Inc.<br>7130 Spring Meadows Dr. W.<br>Holland, OH 43528-9296                          |
| 13 | TeleDias Communications, Inc.<br>5605 Riggins Ct., Ste. 265<br>Reno, NV 89502                                | Verizon Enterprise Solutions LLC<br>1 Verizon Way, Mail Code: VC53S460<br>Basking Ridge, NJ 07920                               |
| 14 | Teleport Communications America, LLC<br>Attn: Cindy Hardy<br>One AT&T Way, Rm 3C220G<br>Bedminster, NJ 07921 | Verizon Long Distance LLC<br>1 Verizon Way, Mail Code: VC53S460<br>Basking Ridge, NJ 07920                                      |
| 15 | TeleQuality Communications, Inc.<br>16601 Blanco Rd., Ste. 207<br>San Antonio, TX 78232                      | Verizon Select Services, Inc.<br>1 Verizon Way, Mail Code: VC53S460<br>Basking Ridge, NJ 07920                                  |
| 16 | TeleUno, Inc.<br>2754 W. Atlantic Blvd., Ste. 8<br>Pompano Beach, FL 33069                                   | Voicecom Telecommunications, LLC<br>5900 Windward Pkwy., Ste. 500<br>Alpharetta, GA 30005                                       |
| 17 | Telmex USA, LLC<br>3350 SW 148th Ave., Ste. 400<br>Miramar, FL 33027   | WDT World Discount Telecommunications, Co.<br>PO Box 720128<br>Oklahoma City, OK 73172-0128                                     |
| 18 | Telrite Corporation<br>4113 Monticello St.<br>Covington, GA 30014  | Westel, Inc.<br>9606 N. Mopac, Ste. 700<br>Austin, TX 78759   |
| 19 | Telscape Communications, Inc.<br>10440 N. Central Expressway, Ste. 700<br>Dallas, TX 75231-2228              | Wholesale Carrier Services, Inc.<br>5471 N. University<br>Coral Springs, FL 33067   |
| 20 | Time Warner Cable Information Services (Arizona), LLC<br>60 Columbus Circle<br>New York, NY 10023            | WilTel Communications, LLC<br>1025 Eldorado Blvd.<br>Broomfield, CO 80021   |
| 21 | TNCI Operating Company LLC<br>114 E. Haley St., Ste. A<br>Santa Barbara, CA 93101                            | Windstream Communications, Inc.<br>4001 N. Rodney Parham Rd.<br>Little Rock, AR 72212   |
| 22 | Total Call International, Inc.<br>1411 W. 190th St., Ste. 700<br>Gardena, CA 90248                           | Working Assets Funding Service Inc.<br>101 Market St., Ste. 700<br>San Francisco, CA 94105                                      |
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- 1 X2Comm, Inc.  
270 S. Main St.  
Fleming, NJ 08822
- 2 XO Communications Services, Inc.  
13865 Sunrise Valley Dr.  
Herndon, VA 20171
- 3 YMax Communications Corp.  
PO Box 6785  
West Palm Beach, FL 33405-6785
- 4 Zayo Group, LLC  
400 Centennial Pkwy., Ste. 200  
Louisville, CO 80027
- 5 Zone Telecom, LLC  
PO Box 720128  
Oklahoma City, OK 73172-0128
- 6 Daniel Pozefsky  
Residential Utility Consumer Office  
1110 W. Washington, Suite 220  
Phoenix, AZ 85007
- 7 Janice Alward, Chief Counsel  
Legal Division  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, AZ 85007
- 8
- 9 Steven M. Olea, Director  
Utilities Division  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, AZ 85007
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*Arizona Administrative Register / Secretary of State*

## Notices of Proposed Rulemaking

**NOTICES OF PROPOSED RULEMAKING**

Unless exempted by A.R.S. § 41-1005, each agency shall begin the rulemaking process by first submitting to the Secretary of State's Office a Notice of Rulemaking Docket Opening followed by a Notice of Proposed Rulemaking that contains the preamble and the full text of the rules. The Secretary of State's Office publishes each Notice in the next available issue of the *Register* according to the schedule of deadlines for *Register* publication. Under the Administrative Procedure Act (A.R.S. § 41-1001 et seq.), an agency must allow at least 30 days to elapse after the publication of the Notice of Proposed Rulemaking in the *Register* before beginning any proceedings for making, amending, or repealing any rule. (A.R.S. §§ 41-1013 and 41-1022)

**NOTICE OF PROPOSED RULEMAKING****TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND ASSOCIATIONS;  
SECURITIES REGULATION****CHAPTER 2. CORPORATION COMMISSION  
FIXED UTILITIES**

*Editor's Note: The following Notice of Proposed Rulemaking was exempt from Executive Order 2012-03 as issued by Governor Brewer. (See the text of the executive order on page 1083.)*

[R14-58]

**PREAMBLE**

1. **Article, Part, or Section Affected (as applicable)**      **Rulemaking Action**  
R14-2-103      Amend
2. **Citations to the agency's statutory rulemaking authority to include the authorizing statute (general) and the implementing statute (specific):**  
Authorizing statute: Arizona Constitution article XV § 3; A.R.S. §§ 40-202; 40-203; 40-321, 40-322, 40-281, 40-282.  
Implementing statute: Arizona Constitution article XV § 3; A.R.S. §§ 40-202; 40-203; 40-321, 40-322, 40-281, 40-282.
3. **Citations to all related notices published in the *Register* as specified in R1-1-409(A) that pertain to the record of the proposed rule:**  
Notice of Rulemaking Docket Opening: 20 A.A.R. 1077, May 9, 2014 (*in this issue*)
4. **The agency's contact person who can answer questions about the rulemaking:**

Name:	Bridget A. Humphrey Attorney, Legal Division
Address:	Corporation Commission 1200 W. Washington St. Phoenix, AZ 85007
Telephone:	(602) 542-3402
Fax:	(602) 542-4870
E-mail:	bhumphrey@azcc.gov
Name:	Matthew Laudone Attorney, Legal Division
Address:	Corporation Commission 1200 W. Washington St. Phoenix, AZ 85007
Telephone:	(602) 542-3402
Fax:	(602) 542-4870
E-mail:	mlaudone@azcc.gov

*Arizona Administrative Register / Secretary of State***Notices of Proposed Rulemaking**

Name: John LeSueur  
Assistant Director, Utilities Division

Address: Corporation Commission  
1200 W. Washington St.  
Phoenix, AZ 85007

Telephone: (602) 542-4228

Fax: (602) 542-2129

E-mail: [ljlesueur@azcc.gov](mailto:ljlesueur@azcc.gov)

**5. An agency's justification and reason why a rule should be made, amended, repealed or renumbered, to include an explanation about the rulemaking:**

The proposed changes will update the annual in-state operating revenue thresholds that classify utilities as A, B, C, D or E, which have not been updated since their adoption by the Commission in Decision No. 57875 (May 18, 1992). Except for Telephone utilities, the proposed revenue thresholds would double the existing Class A threshold, triple the existing Class B threshold, quadruple the existing Class C threshold, and quintuple the existing Class D and E thresholds. Reclassifying Commission-regulated utilities in this manner will impact the applicability of other Commission rules, change rate case filing, accounting and time clock requirements, and the eligibility for submitting a rate case via a short form application.

**6. A reference to any study relevant to the rule that the agency reviewed or proposes either to rely on or not to rely on in its evaluation of or justification for the rule, where the public may obtain or review the study, all data underlying each study, and any analysis of the study and other supporting material:**

None

**7. A showing of good cause why the rulemaking is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:**

Not applicable

**8. The preliminary summary of the economic, small business, and consumer impact:**

NOTE – The Arizona Corporation Commission is exempt from the requirements of A.R.S. § 41-1055 relating to economic, small business, and consumer impact statements. See A.R.S. § 41-1057(2). However, under A.R.S. § 41-1057(2), the Arizona Corporation Commission is required to prepare a “substantially similar” statement.

1. NEED:

The proposed rule changes are necessary to update the revenue thresholds used to establish the utility classifications. Proponents of the proposed rule changes believe they will reduce regulatory lag, streamline Commission processes and reduce rate case expense.

2. NAME AND ADDRESS OF AGENCY EMPLOYEE WHO MAY BE CONTACTED TO SUBMIT ADDITIONAL DATA ON THE INFORMATION INCLUDED IN THIS STATEMENT:

John LeSueur, Assistant Director, Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Telephone Number (602) 542-4251; Fax Number (602) 542-2129

3. AFFECTED CLASSES OF PERSONS:

- A. Commission-regulated utilities
- B. Customers of Commission-regulated utilities
- C. Intervenors in utility rate cases
- D. Arizona Corporation Commission

4. RULE IMPACT ON AFFECTED CLASSES OF PERSONS:

- A. Fewer utilities must comply with the Commission's Affiliated Interests Rules, Energy Efficiency Rules, and Cooperative Streamlining Rules. Utilities' rate case filing, accounting and time clock requirements, and the eligibility for submitting a rate case via a short form application will change.
- B. Utility cases will be processed faster.
- C. The Commission will be required to process more utilities' rate cases within 120 days. Commission rules require the Commission to process Class E utility rate cases within 120 days. The number of Class E utilities will increase from approximately 200 to approximately 320.

5. COSTS AND BENEFITS TO THE AGENCY:

The Commission will have to process more utility rate cases within the 120 days.

6. COSTS AND BENEFITS TO POLITICAL SUBDIVISIONS:

There will be no impact to political subdivisions because the Commission does not have jurisdiction over

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- political subdivisions and the Rules do not apply to them.
7. **COSTS AND BENEFITS TO PRIVATE PERSONS:**  
Customers of utilities will benefit if rate case expense declines and if reducing regulatory lag improves the financial health and stability of regulated utilities. Customers and intervenors may be negatively impacted by having less time to scrutinize and participate in utility rate cases.
  8. **COST AND BENEFITS TO CONSUMERS OR USERS OF ANY PRODUCT OR SERVICE IN THE IMPLEMENTATION OF THE NEW RULES.**  
Not applicable.
  9. **LESS COSTLY OR INTRUSIVE METHODS:**  
The amendments to the rules are the least costly method for obtaining compliance with the updated standards and, with respect to the incorporated by reference materials, provide for the Commission's rules to be consistent with A.R.S. § 41-1028 and the rules of the Secretary of State.
  10. **ALTERNATIVE METHODS CONSIDERED:**  
There are no alternative methods available that promulgate adoption of the updated standards and, with respect to the incorporated by reference materials, provide for the Commission's rules to be consistent with A.R.S. § 41-1028 and the rules of the Secretary of State.

**9. The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:**

Name: Bridget A. Humphrey, Esq.  
Attorney, Legal Division

Address: Corporation Commission  
1200 W. Washington St.  
Phoenix, AZ 85007

Telephone: (602) 542-3402

Fax: (602) 542-4870

E-mail: bhumphrey@azcc.gov

Name: Matthew Laudone, Esq.  
Attorney, Legal Division

Address: Corporation Commission  
1200 W. Washington St.  
Phoenix, AZ 85007

Telephone: (602) 542-3402

Fax: (602) 542-4870

E-mail: mlaudone@azcc.gov

Name: John LeSueur  
Assistant Director, Utilities Division

Address: Corporation Commission  
1200 W. Washington St.  
Phoenix, AZ 85007

Telephone: (602) 542-7270

Fax: (602) 542-2129

E-mail: ljlesueur@azcc.gov

**10. The time, place, and nature of the proceedings to make, amend, repeal or renumber the rule, or if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:**

Public comment will be held on June 12, 2014, beginning at 1:00 p.m. or as soon as practicable thereafter, in Hearing Room 1 at the Commission's Phoenix offices of the Arizona Corporation Commission located at 1200 West Washington, Phoenix, Arizona 85007, and on June 9, 2014, at 1:00 p.m. in Room 222 at the Commission's offices, 400 W. Congress Tucson, Arizona. Hearing Division requests initial written comments be received on or before June 13, 2014. Please reference docket number RU-00000A-13-0294 on all documents.

DECISION NO. \_\_\_\_\_



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- 11. All agencies shall list other matters prescribed by statute applicable to the specific agency or to any specific rule or class of rules. Additionally, an agency subject to Council review under A.R.S. §§ 41-1052 and 41-1055 shall respond to the following questions:**

None

- a. Whether the rule requires a permit, whether a general permit is used and if not, the reasons why a general permit is not used:**  
Not applicable
- b. Whether a federal law is applicable to the subject of the rule, whether the rule is more stringent than federal law and if so, citation to the statutory authority to exceed the requirements of federal law:**  
Not applicable
- c. Whether a person submitted an analysis to the agency that compares the rule's impact of the competitiveness of business in this state to the impact on business in other states:**  
Not applicable

- 12. A list of any incorporated by reference material as specified in A.R.S. §§ 41-1028 and its location in the rules:**

None

- 13. The full text of the rules follows:**

**TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND ASSOCIATIONS;  
SECURITIES REGULATION**

**CHAPTER 2. CORPORATION COMMISSION  
FIXED UTILITIES**

**ARTICLE 1. GENERAL PROVISIONS**

**Section**

- R14-2-103. Defining Filing Requirements in Support of a Request by a Public Service Corporation Doing Business in Arizona for a Determination of the Value of Property of the Corporation and of the Rate of Return Thereon, or in Support of Proposed Increased Rates or Charges**

**ARTICLE 1. GENERAL PROVISIONS**

- R14-2-103. Defining Filing Requirements in Support of a Request by a Public Service Corporation Doing Business in Arizona for a Determination of the Value of Property of the Corporation and of the Rate of Return Thereon, or in Support of Proposed Increased Rates or Charges**

**A. Purpose and definitions**

1. No change
2. No change
3. No change
  - a. No change
  - b. No change
  - c. No change
  - d. No change
  - e. No change
  - f. No change
  - g. No change
  - h. No change
  - i. No change
  - j. No change
  - k. No change
  - l. No change
  - m. No change
  - n. No change
  - o. No change
  - p. No change

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- q. "Utilities" -- For purposes of the Section, utilities are electric, gas, telephone, water, sewer or any other that may be supplying service and/or commodities which in the future may be adjudged a public service corporation and under the jurisdiction of this Commission, are classified as follows:

		Annual Operating Revenue			
	Class A	B	C	D	E
Electric & Gas	Exceeding	\$1,000,000 to	\$250,000 to	\$50,000 to	Less than
	\$5,000,000	\$5,000,000	\$999,000	\$249,999	\$50,000
	<u>10,000,000</u>	<u>3,000,000 to</u>	<u>1,000,000 to</u>	<u>250,000 to</u>	<u>250,000</u>
		<u>10,000,000</u>	<u>2,999,999</u>	<u>999,999</u>	
Water & Sewer	Exceeding	\$1,000,000 to	\$250,000 to	\$50,000 to	Less than
	\$5,000,000	\$5,000,000	\$999,000	\$249,999	\$50,000
	<u>10,000,000</u>	<u>3,000,000 to</u>	<u>1,000,000 to</u>	<u>250,000 to</u>	<u>250,000</u>
		<u>10,000,000</u>	<u>2,999,999</u>	<u>999,999</u>	
Telephone	Exceeding	\$250,000 to	\$100,000 to	\$25,000 to	Less than
	\$1,000,000	\$1,000,000	\$249,000	\$99,999	\$25,000
	<u>10,000,000</u>	<u>3,000,000 to</u>	<u>1,000,000 to</u>	<u>250,000 to</u>	<u>250,000</u>
		<u>10,000,000</u>	<u>2,999,999</u>	<u>999,999</u>	

Annual operating revenues are those gross utility operating revenues derived from jurisdictional operations, including the requested rate relief. A combination utility is a utility which provides more than one of the commodities or services enumerated in this subsection. For combination utilities, the annual operating revenue, including the requested rate relief, for the specific subsidiary, department, or operating division requesting the rate change shall be used for classification purposes.

r. No change

**B. Filing requirements:**

1. Information required from Class A, B, C and D utilities: The information required to be prepared and submitted by Class A, B, C and D Utilities in conjunction with a filing is presented below. Corresponding schedule formats are contained in the Appendix of this General Order and denoted. These formats are not applicable to Class E utilities. The Appendix schedule formats A-1 through A-5 are a part of this General Order, and the Applicant's schedules should conform to these formats. All other Appendix schedule formats and descriptions are illustrative and the applicant's specific formats may vary from that suggested in the Appendix. The substantive information requested, both on the Appendix schedule and in the body of this General Order, however, must be contained on the applicant's schedules together with the titles and schedule numbers provided in the Appendix. Specific information items requested on the Appendix schedules may be omitted without formal waiver, from the filing where it is evident that said items are not applicable to the applicant's business. The instructions and notes contained on the Appendix schedules shall be followed where applicable. Reconstruction Cost New Depreciated information not filed by the applicant shall be deemed waived.

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Information	Filing Required by	Appendix Schedule Reference(s)
A. Summary Information:		
1. A summary of the increase in revenue requirements and the spread of the revenue increase by customer classification.	All classes	A-1
2. A summary of the results of operations for the test year and for the test year and the 2 fiscal years ended prior to the end of the test year, compared with the projected year.	All classes	A-2
3. A summary of the capital structure for the test year and the 2 fiscal years ended prior to the end of the test year, compared with the projected year.	Classes A & B	A-3
4. Construction expenditures and gross utility plant in service for the test year and the 2 fiscal years ended prior to the end of the test year, compared with the projected year.	All classes	A-4
5. A summary of changes in financial position for the test year and the 2 fiscal years ended prior to the end of the test year, compared with the projected year.	Classes A & B	A-5
B. Rate Base Information:		
1. A schedule showing the elements of original cost and RCND rate bases.	All classes	B-1
2. A schedule listing pro forma adjustments to gross plant in service and accumulated depreciation for the original cost rate base.	All classes	B-2
3. A schedule showing pro forma adjustments to gross plant in service and accumulated depreciation for the RCND rate base.	All classes	B-3
4. A schedule demonstrating the determination of reproduction cost new less depreciation at the end of the test period.	All classes	B-4
5. A schedule showing the computation of working capital allowance.	All classes	B-5
C. Test Year Income Statements:		
1. A test year income statement, with pro form adjustments.	All classes	C-1
2. A schedule showing the detail of all pro forma adjustments.	All classes	C-2
3. A schedule showing the incremental taxes and other expenses on gross revenues and the computation of an incremental gross revenue conversion factor.	All classes	C-3
D. Cost of Capital Information:		
1. A schedule summarizing the elements in the capital structure at the end of the test year and the projected year, their related costs and the computation of the total cost of capital.	All classes	D-1
2. A schedule showing the detail of long-term and short-term debt at the end of the test year and the projected year and their total cost.	Classes A & B	D-2
3. A schedule showing the detail of preferred stock at the end of the test year and the projected year, and their total cost.	Classes A & B	D-3
4. A schedule summarizing conclusions of the required return on the common equity as of the end of the test year and the projected year.	Classes A & B	D-4
E. Financial Statements and Statistical Data:		
1. Comparative balance sheets for the end of the test year and the 2 fiscal years ended prior to the end of the test year.	All classes	E-1
2. Comparative income statements for the test year and the 2 fiscal years ended prior to the end of the test year.	All classes	E-2
3. Comparative statements of changes in financial position for the test year and the 2 fiscal years ended prior to the end of the test year.	Classes A & B	E-3
4. Statements of changes in stockholder's equity for the test year and the 2 fiscal years ended prior to the end of the test year.	Classes A & B	E-4
5. A comparative schedule showing by detail account number, utility plant balances at the end of the test year and the end of prior fiscal year.	All classes	E-5
6. Comparative departmental statements of operating income for the test year and the 2 fiscal years ended prior to the end of the test year.	All classes of combination utilities	E-6
7. Comparative operating statistics on customers, consumption, revenues, and expenses for the test year and the 2 fiscal years ended prior to the end of the test year.	All classes	E-7
8. A comparative schedule of all significant taxes charged to operations for the test year and the 2 fiscal years ended prior to the end of the test year.	All classes except Class D	E-8
9. Audited financial statements, if available, for the test year and the 2 fiscal years ended prior to the end of the test year. If the financial statements have not been audited, notes to the financial statements should be provided to indicate accounting method, depreciation lives and methods, income tax treatment and other important disclosures.	All classes	E-9
F. Projections and Forecasts:		
1. A projected income statement for the projected year compared with actual test year results, at present rates and proposed rates.	All classes	F-1
2. Projected changes in financial position for the projected year compared with the test year, at present rates and proposed rates.	Classes A & B	F-1

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Information	Filing Required by	Appendix Schedule Reference(s)
3. Projected annual construction requirements, by property classification, for 1 to 3 years subsequent to the test year, compared with the test year.	Classes A & B 3 years	F-3
4. Important assumptions used in preparing forecasts and projections.	Classes C & D 1 year All classes	F-4
G. Cost of Service Information		
A utility shall submit cost of service analyses and studies if all of the following conditions prevail:		
1. The utility is in a segment of the utility industry that recognizes cost of service studies as important tools for rate design.		
2. Costs incurred by the utility are likely to vary significantly from 1 defined segment of customers to another.		
A historical accounting period other than the test year may be used for cost of service purposes provided that customer mix in the historical period used is representative of the test year. When a cost of service analysis is required, the following information shall be submitted:		
1. Schedule showing rates of return by customer classification at present and proposed rates.	Classes A, B and C if applicable	G-1 G-2
2. Schedules showing the approach used in allocating or assigning plant and expenses to classes of service and defined functions.	Classes A, B and C if applicable	G-3 G-4 G-5 G-6
3. Schedules showing the development of all allocation factors used in the all allocation factors used in the cost of service study.	Classes A, B and C if applicable	G-7
H. Effect of Proposed Rate Schedules:		
1. A comparison of revenues by customer classification or other classification of revenues for the test year, at present and proposed rates.	All classes	H-1
2. A comparison of revenues by class of service and by rate schedule for the test year, at present and proposed rates.	Classes A & B	H-2
3. A comparison of present and proposed rate schedules or representative rate schedules.	Class A representative schedules; Classes B, C and D - all schedules	H-3
4. Typical bill analysis	All classes	H-4
5. Bill count	All classes	H-5
2. Information required from Class E Utilities: The information required to be prepared and submitted by a Class E Utility in support of a filing is as follows:		
a. A statement of income for the test year similar in format to Schedule C-1 or E-2.		
b. A balance sheet as of the end of the test year similar in format to Schedule E-1.		
c. Utility plant account balances at the end of the test year similar in format to Schedule E-5.		
d. An estimate of new investment in utility plant to be added in the projected year.		
e. A schedule of current rates and proposed rates and the additional revenues to be derived from the proposed rates. The appendix schedules shall be used as guides in presenting the information specified in this subsection.		
3. No change		
4. No change		
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9. No change		
a. No change		
b. No change		
c. No change		
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- c. No change
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- e. No change
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  - ii. No change
- f. No change
- g. No change
- h. No change

**Appendix. Arizona Corporation Commission; Regulation R14-2-103; Rate Application Filing Requirements; Index of Schedules**

No change

**Appendix A. Summary Schedules**

No change

**Appendix B. Rate Base Schedules**

No change

**Appendix C. Test Year Income Statements**

No change

**Appendix D. Cost of Capital**

No change

**Appendix E. Financial Statements and Statistical Schedules**

No change

**Appendix F. Projections and Forecasts**

No change

**Appendix G. Cost of Service Analyses**

No change

**Appendix H. Effect of Proposed Tariff Schedules**

No change

## Notices of Rulemaking Docket Opening

**NOTICES OF RULEMAKING DOCKET OPENING**

The Administrative Procedure Act (APA) requires the publication of Notices of Rulemaking Docket Opening when an agency opens a rulemaking docket to consider rulemaking. Under the APA effective January 1, 1995, agencies must submit a Notice of Rulemaking Docket Opening before beginning the formal rulemaking process.

**NOTICE OF RULEMAKING DOCKET OPENING****CORPORATION COMMISSION - FIXED UTILITIES**

*Editor's Note: The following Notice of Rulemaking Docket Opening was exempt from Executive Order 2012-03 as issued by Governor Brewer. (See the text of the executive order on page 1083.)*

[R14-59]

1. **Title and its heading:** 14, Public Service Corporations; Corporations and Associations;  
Securities Regulation  
**Chapter and its heading:** 2, Corporation Commission - Fixed Utilities  
**Article and its heading:** 1, General Provisions  
**Section numbers:** R14-2-103
2. **The subject matter of the proposed rule:**  
The proposed changes will update the annual in-state operating revenue thresholds that classify utilities as A, B, C, D or E, which have not been updated since their adoption by the Commission in Decision No. 57875 (May 18, 1992). Except for Telephone utilities, the proposed revenue thresholds would double the existing Class A threshold, triple the existing Class B threshold, quadruple the existing Class C threshold, and quintuple the existing Class D and E thresholds. Reclassifying Commission-regulated utilities in this manner will impact the applicability of other Commission rules, change rate case filing, accounting and time clock requirements, and the eligibility for submitting a rate case via a short form application.  
**The agency docket number, if applicable:**  
RU-00000A-13-0294
3. **A citation to all published notices relating to the proceeding:**  
Notice of Proposed Rulemaking: 20 A.A.R. 1069, May 9, 2014 (*in this issue*)
4. **The name and address of agency personnel with whom persons may communicate regarding the rule:**  

Name:	Bridget A. Humphrey, Esq. Attorney, Legal Division
Address:	Corporation Commission 1200 W. Washington St. Phoenix, AZ 85007
Telephone:	(602) 542-3402
Fax:	(602) 542-4870
E-mail:	bhumphrey@azcc.gov
Name:	Matthew Laudone Attorney, Legal Division
Address:	Corporation Commission 1200 W. Washington St. Phoenix, AZ 85007
Telephone:	(602) 542-3402
Fax:	(602) 542-4870
Email:	mlaudone@azcc.gov
Name:	John LeSueur Assistant Director, Utilities Division

*Arizona Administrative Register / Secretary of State***Notices of Rulemaking Docket Opening**

Address: Corporation Commission  
1200 W. Washington St.  
Phoenix, AZ 85007

Telephone: (602) 542-7270

Fax: (602) 542-2129

E-mail: [ljlesueur@azcc.gov](mailto:ljlesueur@azcc.gov)

**5. The time during which the agency will accept written comments and the time and place where oral comments may be made:**

Public comment will be held on June 12, 2014, beginning at 1:00 p.m. or as soon as practicable thereafter, in Hearing Room 1 at the Commission's Phoenix offices of the Arizona Corporation Commission located at 1200 West Washington, Phoenix, Arizona 85007, and on June 9, 2014, at 1:00 p.m. in Room 222 at the Commission's offices, 400 W. Congress Tucson, Arizona. Hearing Division requests initial written comments be received on or before June 13, 2014. Please reference docket number RU-00000A-13-0294 on all documents.

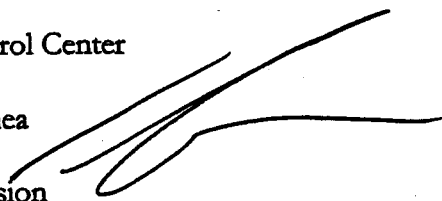
**6. A timetable for agency decisions or other action on the proceeding, if known:**

The Commission will likely bring this to Open Meeting for final approval in the summer, 2014.

## EXHIBIT B

MEMORANDUM

TO: Docket Control Center

FROM: Steven M. Olea  
Director  
Utilities Division 

DATE: July 3, 2014

RE: PROPOSED RULEMAKING TO MODIFY A.A.C. R14-2-103 TO UPDATE  
THE UTILITY CLASSIFICATIONS. (DOCKET NO. RU-00000A-13-0294)

During the oral proceeding held on June 11, 2014, in the above-referenced matter, Judge Harpring asked whether Staff has "found that there is a standard set of information that always needs to be requested in a data request" when processing a rate case. Staff has not developed standardized data requests that it issues in every rate case. However, Staff is docketing the attached data requests, which it frequently issues in rate cases.

SMO:LJL:red

Originator: (John LeSueur)

Arizona Corporation Commission

DOCKETED

JUL 8 2014

DOCKETED BY AZ CORP COMMISSION  
DOCKET CONTROL

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## Attachment

### Frequently Asked Data Requests

General Ledger – Please provide a copy of the Company's general ledger of test year transactions showing beginning and ending balances. Provide a legend to explain symbols, abbreviations, codes, and other markings that would be helpful in interpreting the general ledger.

Cross References For General Ledger – Please provide a cross reference to show the general ledger accounts accumulated for presentation of each line item in Schedules B-1 and C-1.

Loan Agreements – Please provide copies of all loan agreements. As part of your response, please identify the section of each agreement that contains the financial ratio requirements.

Service and Quality Levels – State all major service objectives and indicate any areas where service levels or quality were not met in the test year or within the two prior years. If service or quality levels were not met, please provide documentation.

Minutes of the Board of the Directors – Please provide copies of the minutes of all meetings of the Board of Directors for the test year and prior year.

Nonrecurring or Extraordinary Expenses – Please list and explain all nonrecurring or extraordinary expenses incurred in the test year and all expenses included in the test year which do not occur yearly but are of a nature such that they do occur over an extended period of years.

Monthly Financial Statements – Please provide a copy of the monthly financial statements for the test year.

Allowance for Funds Used During Construction (AFUDC) – Please state the total amount of AFUDC, if any, that the Company is proposing to include in rate base.

Capitalization Policy – Please state the dollar threshold for costs that are expensed versus capitalized. As part of your response, please state whether or not meters that cost less than the threshold are expensed or capitalized.

Expensed Plant – Please provide a listing of all items classified as utility plant under the NARUC USOA that was expensed during the test year. As part of your response, please include a description and cost.

AIAC and Refunds of AIAC – Please describe your procedures and internal controls to record AIAC and to ensure that refunds are made in a timely basis. Also, please provide a complete history of all your AIAC contracts and dates of refunds since your last rate case. As part of your response, please provide a schedule listing all AIAC agreements and amounts that total the

\$ \_\_\_\_\_ AIAC amount shown on Schedule B-2. Please provide copies of all AIAC agreements.

Customer Deposits – Please state your customer security deposits balance at the end of the test year.

Interest Paid on Customer Deposits – Please state the amount of interest you paid on customer security deposits during the test year. Please provide supporting documentation.

Advertising and Marketing Expense – Please provide a summary of sales promotion, advertising and miscellaneous sales expense for the test year. Classify the advertising expense by purpose, service promotion, safety, customer instruction, etc.

Inspection and Maintenance Programs – Please describe the programs for inspection, maintenance, replacement and/or upgrading of your system. Please state the year(s) in which the program(s) were conducted since the last rate case. As part of your response please state how often each program is conducted and whether or not the program was conducted during the test year.

Shared Facilities – Describe in detail any operating or administrative facilities which the Company shares with other entities, affiliated or not, and the basis for quantification and allocation of the related operating and capital costs

Allocations – For each expense or cost included in the revenue requirement that is an allocation, please provide the following:

- a. Identify the cost, i.e., provide a descriptive name,
- b. The basis of the allocation (e.g. number of customers), and
- c. The actual calculation used to make the allocation.

Cost Allocation Manual – Please provide your cost allocation manual.

Affiliates, Organization Chart – Please describe completely all relationships between the Company and affiliated companies and furnish an organizational chart which shows the relationships.

Affiliates, Transactions – Please provide a schedule of all transactions with affiliates during the test year. As part of your response, please include the dollar amount and the account number for each affiliate.

Contributions, Dues, Etc. – Please provide a detailed listing of the expenses incurred for the items listed below that you seek to recover from your customers. For each of the items listed below, please list the dollar amount paid, the payee, the account charged, and purpose of purchase.

- a. Dues paid for social and service clubs
- b. Membership payments made to industry associations
- c. Charitable contributions
- d. Scholarships
- e. Sponsorships
- f. Lobbying expenses
- g. Gifts and awards
- h. Food and beverages

- i. Luncheons and dinners
- j. Employee parties, picnics, or other similar events
- k. Entertainment

Rate Case Expense – Please provide an analysis of actual expenses already incurred and expected to be incurred in connection with this rate case. As part of your response, please provide invoices.

Incentive Pay – Please provide the following information:

- a. Please provide a detailed explanation for any incentive plans in existence during the years \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_.
- b. For all incentive plans in effect during the test year, please provide documentation explaining how the plan works.
- c. Provide the total dollar amount of incentive pay included in your income statement on Schedule C-1 of your application.
- d. Also, as part of your response, please state the account numbers charged.

Employee Salary and Wage Information – Please provide the following:

- a. Copies of all labor agreements that are reflected in the test year expenses and any related payroll adjustments;
- b. A schedule of the names, titles, and annual salaries (excluding any incentive pay) of all employees actual payroll expenses and employee benefits by account charged for the test year;
- c. State whether or not the employee works solely for the water division of \_\_\_\_\_ Utilities;
- d. A schedule of actual employee levels vs. budgeted employee levels for the years \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_;
- e. A schedule of actual overtime payroll hours vs. budgeted overtime payroll hours for employees for the test year; and
- f. Identify any early retirement plans in effect during or after the test year.

Officer and Director Salary and Wage Information – Please provide the following:

- a. Copies of all labor agreements that are reflected in the test year expenses and any related payroll adjustments;
- b. A schedule of the names, titles, and annual salaries (excluding any incentive pay) of all officer's and director's actual payroll expenses and employee benefits by account charged for the test year;
- c. State whether or not the employee works solely for the water division of \_\_\_\_\_ Utilities;
- d. Identify each person as an officer and/or a director;
- e. Please provide a description of the job duties for each officer and director;
- f. Please state whether or not the officers and directors use time sheets to document the hours worked. If so, please provide the time sheets for each individual during the test year;
- g. Please state the approximate number of hours each officer and director worked each month during the test year. As part of your response, please state the activity and the number of hours spent on that activity; and
- h. If the pay of the officers and directors is not based on time sheets please provide explain how you determined the level of salary for these individuals.

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Vacant Employee Positions – Please provide the title and annual salary of each vacant employee position for the years \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_.

Salaries and Wages – Schedule E-2 shows that salary and wages increased by \$\_\_\_\_\_, from \$\_\_\_\_\_ in \_\_\_\_\_ to \$\_\_\_\_\_ in \_\_\_\_\_. Please explain the increase.

Purchased Power – Please provide a schedule listing all test year purchased power costs along with copies of all test year purchased power bills.

Repairs and Maintenance – Schedule E-2 shows that repairs and maintenance increased by \$\_\_\_\_\_, from \$\_\_\_\_\_ in \_\_\_\_\_ to \$\_\_\_\_\_ in \_\_\_\_\_. Please explain the increase. Please provide a schedule listing all test year repairs and maintenance costs along with copies of all test year invoices over \$100.

Office Supplies and Expense – Schedule E-2 shows that office supplies and expenses decreased by \$\_\_\_\_\_, from \$\_\_\_\_\_ in \_\_\_\_\_ to \$\_\_\_\_\_ in \_\_\_\_\_. Please explain the decrease. Please provide a schedule listing all test year office supplies and expenses along with copies of all test year invoices over \$1,000.

Contractual Services, Engineering – Schedule E-2 shows that contractual services, engineering expense increased by \$\_\_\_\_\_, from \$\_\_\_\_\_ in \_\_\_\_\_ to \$\_\_\_\_\_ in \_\_\_\_\_. Please explain the increase. As part of your response, please provide a schedule listing all test year contractual services-engineering expenses along with copies of all test year invoices over \$500.

Contractual Services, Accounting – Please provide a schedule listing all test year contractual services, accounting costs along with copies of all test year invoices.

Contractual Services, Legal – Schedule E-2 shows that contractual services, legal expense increased by \$\_\_\_\_\_, from \$\_\_\_\_\_ in \_\_\_\_\_ to \$\_\_\_\_\_ in \_\_\_\_\_. Please explain the increase. Also, please provide the following:

- a. The type of regulatory matter (e.g., tariff review, etc.) and the total cost incurred for each type of matter during the test year;
- b. The amount of the expense that is related to the \_\_\_\_\_ rate case filing and is included in test year operating expenses;
- c. The number of years/months you took to finalize each matter;
- d. Please state whether or not the matter is routine or extraordinary;
- e. If it is a routine item, please explain why and provide examples with supporting invoices;
- f. If it is an extraordinary item, please provide the number of years you believe the cost would benefit Pima Utilities; and
- g. Please provide a schedule listing all test year contractual services-legal expenses along with copies of all test year invoices.

Contractual Services, Other – Please provide a schedule listing all test year contractual services, other costs along with copies of all test year invoices over \$500.

Rents, Equipment – Schedule E-2 shows that rents expense increased by \$\_\_\_\_\_, from \$\_\_\_\_\_ in \_\_\_\_\_ to \$\_\_\_\_\_ in \_\_\_\_\_. Please explain the increase. As part of your

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response, please provide a schedule listing all test year rents expenses along with copies of all test year invoices.

Transportation Expense – Schedule E-2 shows that transportation expense increased by \$\_\_\_\_\_, from \$\_\_\_\_\_ in \_\_\_\_\_ to \$\_\_\_\_\_ in \_\_\_\_\_. Please explain the increase. As part of your response, please provide a schedule listing all test year transportation expenses. Also, please provide a copy of all vehicle titles.

Insurance, General Liability – Please provide the policies/contracts in support of your insurance costs and identify the sections that discuss the annual costs, items covered, coverage period, and who is covered.

Miscellaneous Expense – Schedule E-2 shows that miscellaneous expense increased by \$\_\_\_\_\_, from \$\_\_\_\_\_ in \_\_\_\_\_ to \$\_\_\_\_\_ in \_\_\_\_\_. Please explain the increase. As part of your response, please provide a schedule listing all test year miscellaneous expenses along with copies of all test year invoices over \$500.

Data Requests of All Intervenors – In the event that there is an intervenor in this case, please provide the following information:

- a. Provide a copy of all formal data requests and your responses from all intervenors; and
- b. Provide a copy of all responses to informal and/or on-site data requests from intervenors.

Common Electric Engineering Questions:

Please provide in tabular form the actual annual system peak demand in MW, system load in MWh delivered (excluding losses), and annual system losses in MWh for the past five years. Please indicate the month in which the peak occurred for each year. Use the spreadsheet provided to provide this data.

Please provide in tabular form the forecast annual system peak demand in MW, system load in MWh delivered (excluding losses), and annual system losses in MWh for the next five years. Use the spreadsheet provided to provide this data.

Please provide in tabular form the System Average Interruption Duration Index ("SAIDI"), System Average Interruption Frequency Index (SAIFI), Customer Average Interruption Frequency Index (CAIDI) and for each year for the past five years by the causes of Power Supplier, Planned, Major Events, and All Other. Use the spreadsheet provided to provide this data.

Please provide in tabular form the total number of customers broken down by customer class for each year for the past five years. Please indicate if the information provided is annual average values or year-end values. Use the spreadsheet provided to provide this data.

Please provide a current one-line schematic of your system, including substations.

Please provide a geographic map of your system, including substations and transmission lines.

Please provide a description of routine scheduled maintenance plans, including but not limited to vegetation management, transformer testing, wooden pole inspection/replacement, recloser testing, etc.

Provide a listing of all projects over \$500,000 included in the Construction Expenditures for since the Cooperatives last rate case. Please include the following for information:

- a) the identification and description of each project;
- b) the dollar amount(s) for each of the projects provided in the response to (a); and,
- c) the date that each project provided in the response to (a) was placed in-service.

Please provide the most recent Construction Work Plan ("CWP") for the next five years which should include a listing of all major capital projects, along with a brief project description and justification.

Please provide the average power factor and the peak hour power factor for the distribution system for each of the past five years. Use the spreadsheet provided to provide this data.

Please provide the current number of miles of transmission/sub-transmission lines, (34.5kV or greater), owned by the Company.

Please provide the current number of miles of distribution lines (less than 34.5 kV) specifying overhead and underground owned by the Company.

Please provide a listing of all complaints in the past twelve months, either formal or informal, made to the Company by customers that involve claims of poor power quality, including but not limited to, voltage levels, harmonics, "flicker," etc. and a description of Company's response. Please include details of all resulting investigations performed by the Company, including what equipment was modified or newly installed as a result of the investigations, and if such installations resolved the complaint.

death, personal injury to any person necessitating off-site medical attention, or property damage exceeding \$5,000.00. For purposes of this rule, off-site medical attention includes any medical treatment provided by medical professionals which requires transportation of the patient by ambulance, or treatment of the patient in an emergency room, or in-patient hospitalization. For those accidents in which it is not readily determinable if the property damage exceeds \$5,000.00, the public service corporation will have an additional two working days in which to submit its report. Any associated personal injuries requiring off-site medical attention would still have to be reported within the initial business day.

- B. This report shall state, as accurately as possible, the dollar amount of the damage. If this amount is not known immediately, or if investigation discloses a 15% or greater variation from the amount in this report, a follow-up report shall be submitted.
- C. If such accidents result in death or injury likely to result in death, a report shall also be made within 24 hours by telegraph or telephone stating the essential facts.

#### Historical Note

Former Section R14-2-101 repealed, former Section R14-2-103 renumbered as Section R14-2-101 without change effective March 2, 1982 (Supp. 82-2). Amended effective February 3, 1989 (Supp. 89-1).

#### R14-2-102. Treatment of depreciation

- A. The following definitions shall apply in this Section unless the context otherwise requires:
  - 1. "Accumulated depreciation" means the summation of the annual provision for depreciation from the time that the asset is first devoted to public service.
  - 2. "Cost of removal" means the cost of demolishing, dismantling, removing, tearing down, or abandoning of physical assets, including the cost of transportation and handling incidental thereto.
  - 3. "Depreciation" means an accounting process which will permit the recovery of the original cost of an asset less its net salvage over the service life.
  - 4. "Depreciation rate" means the percentage rate applied to the original cost of an asset to yield the annual provision for depreciation.
  - 5. "Net salvage" means the salvage value of property retired less the cost of removal.
  - 6. "Original cost" means the cost of property at the time it was first devoted to public service.
  - 7. "Property retired" means assets which have been removed, sold, abandoned, destroyed, or which for any cause have been withdrawn from service and books of account.
  - 8. "Salvage value" means the amount received for assets retired, less any expenses incurred in selling or preparing the assets for sale; or if retained, the amount at which the material recoverable is chargeable to materials and supplies, or other appropriate accounts.
  - 9. "Service life" means the period between the date an asset is first devoted to public service and the date of its retirement from service.
- B. All public service corporations shall maintain adequate accounts and records related to depreciation practices, subject to the following:
  - 1. Annual depreciation accruals shall be recorded.
  - 2. A separate reserve for each account or functional account shall be maintained.

- 3. The cost of depreciable plant adjusted for net salvage shall be distributed in a rational and systemic manner over the estimated service life of such plant.
- 4. Public service corporations having less than \$250,000 in annual revenue shall not be required to maintain depreciation records by separate accounts but shall make annual composite accruals to accumulated depreciation for total depreciable plant.
- C. Requests for depreciation rate changes and methods for estimating depreciation rates shall be as follows:
  - 1. If a public service corporation seeks a change in its depreciation rates, it shall submit a request for such as part of a rate application in accordance with the requirements of R14-2-103.
  - 2. A public service corporation may propose any reasonable method for estimating service lives, salvage values, and cost of removal. The method shall be fully described in a request to change depreciation rates.
  - 3. Data and analyses supporting the change shall be submitted, including engineering data and assessment of the impact and appropriateness of the change for ratemaking purposes.
  - 4. Changed depreciation rates shall not become effective until the Commission authorizes such changes.
- D. Upon the motion of any party or upon its own motion, the Commission may determine that good cause exists for granting a waiver from one or more of the requirements of this Section.

#### Historical Note

Former Section R14-2-102 repealed, former Section R14-2-127 renumbered as Section R14-2-102 without change effective March 2, 1982 (Supp. 82-2). Forward to the rule corrected as filed April 13, 1973 (Supp. 89-1). Section R14-2-102 repealed, new Section adopted effective April 9, 1992 (Supp. 92-2).

#### R14-2-103. Defining Filing Requirements in Support of a Request by a Public Service Corporation Doing Business in Arizona for a Determination of the Value of Property of the Corporation and of the Rate of Return Thereon, or in Support of Proposed Increased Rates or Charges

- A. Purpose and definitions
  - 1. Purpose: The purpose of this General Order is to define the specific financial and statistical information required to be filed with a request by a public service corporation doing business in Arizona for a determination of the value of the property of the corporation and of the rate of return to be earned thereon, with regard to proposed increased rates or charges. This General Order does not apply to the implementation of previously approved adjustment or escalation clauses.
  - 2. Applicability of rules: These rules shall apply to all electric, gas, telephone, telegraph, water and private fire protection public service corporations under the jurisdiction of the Commission. These rules are applicable both to all filings made after the effective date of this General Order and to any rate proceeding pending on the effective date of this General Order in which the Commission has issued no final decision. These rules are not intended to prohibit utilities from filing additional schedules, exhibits and other documents in which the Commission has issued no final decision. These rules are not intended to prohibit utilities from filing additional schedules, exhibits and other documents which may be material to the rate proceeding, nor are they intended to prohibit the Commission from considering such schedules, exhibits or other

documents in making its determination. In pending proceedings, to the extent that the information required by this General Order is not included in the public service corporation's exhibits or is not otherwise in the record, such information shall be supplied as soon as possible unless a waiver is requested and granted pursuant to subsection (B)(5).

3. Definitions: Terminology used in this General Order is defined as follows:

- a. "Accounting method" -- the accounting method prescribed or recognized by the Commission.
- b. "Commission" -- The Arizona Corporation Commission.
- c. "Cost of service" -- The total cost of providing service to a defined segment of customers, as determined by the application of logical and generally accepted cost analysis and allocation techniques.
- d. "Department" -- A responsibility center within a combination utility where revenues and costs are accumulated by commodity or service rendered.
- e. "Depreciated original cost" -- The cost of property to the person first devoting it to public service, less the depreciation reserve, which shall include accrued depreciation and amortization calculated in accordance with General Order R14-2-102. Depreciated original cost shall not include any goodwill or going concern value, nor shall it include certificate value in excess of payment made or costs incurred in the initial acquisition thereof.
- f. "Exhibit" -- One or more schedules which support a rate filing or testimony in a rate proceeding.
- g. "Filing" -- An application and required schedules, exhibits or other documents filed by a public service corporation to initiate any rate proceeding under this Section. For all Class A and B utilities and for Class C electric and gas utilities, the filing shall include direct testimony in support of the application. For Class C water, sewer, and telephone utilities and for all Class D and E utilities, the filing shall include a written description of the components of the application. Nothing in this Section shall be construed to prohibit a public service corporation, prior to making a filing, from giving the Commission informal pre-filing notice of its intent to make a filing. Such pre-filing notice would permit the Commission, on a tentative basis, to assign a hearing date and would permit agreement on an appropriate test year.
- h. "Original cost rate base" -- An amount consisting of the depreciated original cost, prudently invested, of

the property (exclusive of contributions and/or advances in aid of construction) at the end of the test year, used or useful, plus a proper allowance for working capital and including all applicable pro forma adjustments.

- i. "Pro forma adjustments" -- Adjustments to actual test year results and balances to obtain a normal or more realistic relationship between revenues, expenses and rate base.
- j. "Projected year" -- The year immediately following the test year.
- k. "Projections" -- Estimate of future results of operations based upon known facts or logical assumptions concerning future events.
- l. "Prudently invested" -- Investments which under ordinary circumstances would be deemed reasonable and not dishonest or obviously wasteful. All investments shall be presumed to have been prudently made, and such presumptions may be set aside only by clear and convincing evidence that such investments were imprudent, when viewed in the light of all relevant conditions known or which in the exercise of reasonable judgment should have been known, at the time such investments were made.
- m. "Rate schedule" -- A schedule of rates and conditions for a specific classification of customer or for other specific services.
- n. "Reconstructed Cost New (RCND) Rate Base" -- An amount consisting of the depreciated reconstruction cost new of the property (exclusive of contributions and/or advances in aid of construction) at the end of the test year, used and useful, plus a proper allowance for working capital and including all applicable pro forma adjustments. Contributions and advances in aid of construction, if recorded in the accounts of the public service corporation, shall be increased to a reconstruction new basis.
- o. "Staff" -- The staff of the Commission or its designated representatives.
- p. "Test year" -- The one-year historical period used in determining rate base, operating income and rate of return. The end of the test year shall be the most recent practical date available prior to the filing.
- q. "Utilities" -- For purposes of the Section, utilities are electric, gas, telephone, water, sewer or any other that may be supplying service and/or commodities which in the future may be adjudged a public service corporation and under the jurisdiction of this Commission, are classified as follows:

Annual Operating Revenue					
	Class A	B	C	D	E
Electric & Gas	Exceeding \$5,000,000	\$1,000,000 to \$5,000,000	\$250,000 to \$999,000	\$50,000 to \$249,999	Less than \$50,000
Water & Sewer	Exceeding \$5,000,000	\$1,000,000 to \$5,000,000	\$250,000 to \$999,000	\$50,000 to \$249,999	Less than \$50,000
Telephone	Exceeding \$1,000,000	\$250,000 to \$1,000,000	\$100,000 to \$249,000	\$25,000 to \$99,999	Less than \$25,000

Annual operating revenues are those gross utility operating revenues derived from jurisdictional operations, including the requested rate relief. A combination utility is a utility which provides more than one of the commodities or services enumerated in

this subsection. For combination utilities, the annual operating revenue, including the requested rate relief, for the specific subsidiary, department, or operating division requesting the rate change shall be used for classification purposes.



## Corporation Commission – Fixed Utilities

- r. "Working capital" -- A proper allowance for cash, materials and supplies and prepayments.

## B. Filing requirements:

1. Information required from Class A, B, C and D Utilities: The information required to be prepared and submitted by Class A, B, C and D Utilities in conjunction with a filing is presented below. Corresponding schedule formats are contained in the Appendix of this General Order and denoted. These formats are not applicable to Class E utilities. The Appendix schedule formats A-1 through A-5 are a part of this General Order, and the Applicant's schedules should conform to these formats. All other Appendix schedule formats and descriptions are illustrative and the applicant's specific formats may vary from that suggested in the Appendix. The substantive information requested, both on the Appendix schedule and in the body of this General Order, however, must be contained on the applicant's schedules together with the titles and schedule numbers provided in the Appendix. Specific information items requested on the Appendix schedules may be omitted without formal waiver, from the filing where it is evident that said items are not applicable to the applicant's business. The instructions and notes contained on the Appendix schedules shall be followed where applicable. Reconstruction Cost New Depreciated information not filed by the applicant shall be deemed waived.

tive and the applicant's specific formats may vary from that suggested in the Appendix. The substantive information requested, both on the Appendix schedule and in the body of this General Order, however, must be contained on the applicant's schedules together with the titles and schedule numbers provided in the Appendix. Specific information items requested on the Appendix schedules may be omitted without formal waiver, from the filing where it is evident that said items are not applicable to the applicant's business. The instructions and notes contained on the Appendix schedules shall be followed where applicable. Reconstruction Cost New Depreciated information not filed by the applicant shall be deemed waived.

Information	Filing Required by	Appendix Schedule Reference(s)
A. Summary Information:		
1. A summary of the increase in revenue requirements and the spread of the revenue increase by customer classification.	All classes	A-1
2. A summary of the results of operations for the test year and for the test year and the 2 fiscal years ended prior to the end of the test year, compared with the projected year.	All classes	A-2
3. A summary of the capital structure for the test year and the 2 fiscal years ended prior to the end of the test year, compared with the projected year.	Classes A & B	A-3
4. Construction expenditures and gross utility plant in service for the test year and the 2 fiscal years ended prior to the end of the test year, compared with the projected year.	All classes	A-4
5. A summary of changes in financial position for the test year and the 2 fiscal years ended prior to the end of the test year, compared with the projected year.	Classes A & B	A-5
B. Rate Base Information:		
1. A schedule showing the elements of original cost and RCND rate bases.	All classes	B-1
2. A schedule listing pro forma adjustments to gross plant in service and accumulated depreciation for the original cost rate base.	All classes	B-2
3. A schedule showing pro forma adjustments to gross plant in service and accumulated depreciation for the RCND rate base.	All classes	B-3
4. A schedule demonstrating the determination of reproduction cost new less depreciation at the end of the test period.	All classes	B-4
5. A schedule showing the computation of working capital allowance.	All classes	B-5
C. Test Year Income Statements:		
1. A test year income statement, with pro form adjustments.	All classes	C-1
2. A schedule showing the detail of all pro forma adjustments.	All classes	C-2
3. A schedule showing the incremental taxes and other expenses on gross revenues and the computation of an incremental gross revenue conversion factor.	All classes	C-3
D. Cost of Capital Information:		
1. A schedule summarizing the elements in the capital structure at the end of the test year and the projected year, their related costs and the computation of the total cost of capital.	All classes	D-1
2. A schedule showing the detail of long-term and short-term debt at the end of the test year and the projected year and their total cost.	Classes A & B	D-2
3. A schedule showing the detail of preferred stock at the end of the test year and the projected year, and their total cost.	Classes A & B	D-3
4. A schedule summarizing conclusions of the required return on the common equity as of the end of the test year and the projected year.	Classes A & B	D-4
E. Financial Statements and Statistical Data:		
1. Comparative balance sheets for the end of the test year and the 2 fiscal years ended prior to the end of the test year.	All classes	E-1
2. Comparative income statements for the test year and the 2 fiscal years ended prior to the end of the test year.	All classes	E-2
3. Comparative statements of changes in financial position for the test year and the 2 fiscal years ended prior to the end of the test year.	Classes A & B	E-3
4. Statements of changes in stockholder's equity for the test year and the 2 fiscal years ended prior to the end of the test year.	Classes A & B	E-4
5. A comparative schedule showing by detail account number, utility plant balances at the end of the test year and the end of prior fiscal year.	All classes	E-5
6. Comparative departmental statements of operating income for the test year and the 2 fiscal years ended prior to the end of the test year.	All classes of combination utilities	E-6
7. Comparative operating statistics on customers, consumption, revenues, and expenses for the test year and the 2 fiscal years ended prior to the end of the test year.	All classes	E-7
8. A comparative schedule of all significant taxes charged to operations for the test year and the 2 fiscal years ended prior to the end of the test year.	All classes except Class D	E-8

Information		Filing Required by	Appendix Schedule Reference(s)
9.	Audited financial statements, if available, for the test year and the 2 fiscal years ended prior to the end of the test year. If the financial statements have not been audited, notes to the financial statements should be provided to indicate accounting method, depreciation lives and methods, income tax treatment and other important disclosures.	All classes	E-9
F.	Projections and Forecasts:		
1.	A projected income statement for the projected year compared with actual test year results, at present rates and proposed rates.	All classes	F-1
2.	Projected changes in financial position for the projected year compared with the test year, at present rates and proposed rates.	Classes A & B	F-1
3.	Projected annual construction requirements, by property classification, for 1 to 3 years subsequent to the test year, compared with the test year.	Classes A & B 3 years Classes C & D 1 year	F-3
4.	Important assumptions used in preparing forecasts and projections.	All classes	F-4
G.	Cost of Service Information		
	A utility shall submit cost of service analyses and studies if all of the following conditions prevail:		
1.	The utility is in a segment of the utility industry that recognizes cost of service studies as important tools for rate design.		
2.	Costs incurred by the utility are likely to vary significantly from 1 defined segment of customers to another.		
	A historical accounting period other than the test year may be used for cost of service purposes provided that customer mix in the historical period used is representative of the test year. When a cost of service analysis is required, the following information shall be submitted:		
1.	Schedule showing rates of return by customer classification at present and proposed rates.	Classes A, B and C if applicable	G-1 G-2
2.	Schedules showing the approach used in allocating or assigning plant and expenses to classes of service and defined functions.	Classes A, B and C if applicable	G-3 G-4 G-5 G-6 G-7
3.	Schedules showing the development of all allocation factors used in the all allocation factors used in the cost of service study.	Classes A, B and C if applicable	
H.	Effect of Proposed Rate Schedules:		
1.	A comparison of revenues by customer classification or other classification of revenues for the test year, at present and proposed rates.	All classes	H-1
2.	A comparison of revenues by class of service and by rate schedule for the test year, at present and proposed rates.	Classes A & B	H-2
3.	A comparison of present and proposed rate schedules or representative rate schedules.	Class A representative schedules; Classes B, C and D - all schedules	H-3
4.	Typical bill analysis	All classes	H-4
5.	Bill count	All classes	H-5

2. Information required from Class E Utilities: The information required to be prepared and submitted by a Class E Utility in support of a filing is as follows:

- A statement of income for the test year similar in format to Schedule C-1 or E-2.
- A balance sheet as of the end of the test year similar in format to Schedule E-1.
- Utility plant account balances at the end of the test year similar in format to Schedule E-5.
- An estimate of new investment in utility plant to be added in the projected year.
- A schedule of current rates and proposed rates and the additional revenues to be derived from the proposed rates.

The appendix schedules shall be used as guides in presenting the information specified in this subsection.

- A cooperative, as defined in R14-2-107, may initiate a rate proceeding by preparing and submitting a filing under this Section or, if eligible, by following the requirements of R14-2-107.
- Separation of nonjurisdictional properties, revenues and expenses associated with the rendition of utility service not subject to the jurisdiction of the Commission must be identified and properly separated in a recognized manner

when appropriate. In addition, all nonutility properties, revenues and expenses shall likewise be segregated. If nonutility operations are significant, appropriate allocations of capital should be made.

- Additional information: The Commission may request that supplementary information in addition to that specifically required in subsection (B)(1) and (2) of this General Order be submitted by a utility either prior to or after a filing.
- Waiver of requirements: Either prior to the filing or within 15 days from the date thereof, the Commission, after determining the existence of reasonable cause, by order may waive compliance with any or all of the requirements of this General Order. Such Waiver will be granted only upon written petition to the Commission. In said petition, the utility must demonstrate that the requirements sought to be waived are either not applicable to the rate matter which is the subject of the filing or that compliance therewith would place an undue burden on the utility.
- Notice of sufficiency of a utility's filing: The staff will review each filing to ascertain whether it is in compliance with the provisions of this Section, including the instructions contained in subsection (B)(9) or in forms pre-

## Corporation Commission – Fixed Utilities

scribed by the Commission. Within 30 days after receipt of the utility's filing, the staff shall file with Docket Control and serve on the utility a notice that the filing either is in compliance with the Commission's requirements or is deficient. A notice of deficiency must include an explanation of the defect found. If the staff fails to file any notice within the 30-day period, the utility's filing shall be deemed accepted as of the 31st day.

8. Production of out-of-state books and records: A utility shall produce or deliver in this state all or any of its formal accounting records and related documents requested by the Commission. It may, at its option, provide verified copies of original records and documents.
9. General filing instructions: In preparing the information specified in subsection (B)(1) and (2) of this General Order, the following instructions are applicable:
  - a. All schedules shall be mathematically correct and properly cross-referenced. The applicant shall ascertain that adequate detail has been provided to explain and support all significant items and amounts.
  - b. Amounts may be rounded, where appropriate, to the nearest thousand dollars for Class A utilities, to the nearest hundred dollars for Class B and C utilities and to the nearest dollar for Class D and E utilities.
  - c. Except for Class E utilities, all schedules shall be numbered as provided in the Appendix. Schedules prepared by all classes of utilities shall contain a date – generally the preparation date or the filing date.
  - d. Headings on schedules shall clearly indicate the nature and intent of the schedule and the dates or time periods covered.

At the date of filing, a minimum of 10 complete sets of the applicant's schedules and exhibits shall be provided to the Commission.
10. Staff assistance in preparing a filing: The staff will, consistent with other workload requirements, be available to provide assistance to an applicant in preparing a filing.
11. Timing of Commission action on a filing:
  - a. For all Class A and B utilities and for Class C electric and gas utilities, the Hearing Officer shall issue a procedural schedule in the rate case within 30 days from the date that a filing is accepted pursuant to subsection (B)(7).
  - b. Unless otherwise ordered by the Commission, the staff shall file its Staff Report and/or testimony within the following number of days from the date that a filing is accepted pursuant to subsection (B)(7):
    - i. For Class A utilities, within 180 days.
    - ii. For Class B utilities, within 180 days.
    - iii. For Class C utilities, within 135 days.
    - iv. For Class D utilities, within 75 days.
    - v. For Class E utilities, within 60 days.
  - c. For all Class A utilities, the Hearing Officer shall issue a recommended order in the rate case at least 20 days prior to the last regularly scheduled open

meeting in the time period calculated pursuant to subsection (B)(11)(d). For all other utilities, the Hearing Officer shall issue a recommended order at least 10 days prior to the last regularly scheduled open meeting in the time period calculated pursuant to subsection (B)(11)(d).

- d. The Commission shall issue a final order that disposes of all issues involved in all parts or phases of the proceeding within the following number of days from the date that a filing is accepted pursuant to subsection (B)(7):
  - i. For Class A utilities, within 360 days.
  - ii. For Class B utilities, within 360 days.
  - iii. For Class C utilities, within 270 days.
  - iv. For Class D utilities, within 180 days.
  - v. For Class E utilities, within 120 days.
- e. Upon motion of any party to the matter or on its own motion, the Commission or the Hearing Officer may determine that the time periods prescribed by subsection (B)(11)(d) should be extended or begin again due to:
  - i. Any amendment to a filing which changes the amount sought by the utility or substantially alters the facts used as a basis for the requested change in rates or charges; or
  - ii. An extraordinary event, not otherwise provided for by this subsection.
- f. If a hearing is conducted to evaluate a filing, the time periods prescribed by subsection (B)(11)(a) shall be extended three days for each one day of actual hearing on the merits of the filing.
- g. The time periods prescribed by subsection (B)(11)(a) shall not be applicable to any filing submitted by a utility which has more than one rate application before the Commission at the same time.
- h. In the event no final order has been issued within the time periods specified in this subsection, the utility may request any time thereafter that the Commission schedule a hearing to consider putting new rates or charges into effect, on an interim basis subject to refund, for all consumption thereafter. To put such rates or charges into effect, the utility would be required to file a bond to be approved by the Commission payable to the state of Arizona in such amount and with sufficient security to insure prompt payment of any refunds to the persons entitled thereto, including an interest rate as determined by the Commission not to exceed the maximum interest otherwise allowable by law, if the rates or charges so put into effect are finally determined by the Commission to be excessive. The utility may substitute for the bond other arrangements satisfactory to the Commission for the protection of the parties involved. The Commission shall issue a final order on a request for interim rates within 60 days plus the number of interim hearing days from the filing date of the request.

**ARIZONA CORPORATION COMMISSION  
REGULATION R14-2-103  
RATE APPLICATION FILING REQUIREMENTS**

**APPENDIX**

**ARIZONA CORPORATION COMMISSION  
REGULATION R14-2-103  
APPENDIX  
INDEX OF SCHEDULES**

Schedule No.	Title	Filing Required By
<b>A. Summary Schedules</b>		
A-1	Computation of Increase in Gross Revenue Requirements	All classes
A-2	Summary Results of Operations	All classes
A-3	Summary of Capital Structure	Classes A & B
A-4	Construction Expenditures and Gross Utility Plant in Service	All classes
A-5	Summary Changes in Financial Position	Classes A & B
<b>B. Rate Base Schedules</b>		
B-1	Summary of Original Cost and RCND Rate Base Elements	All classes
B-2	Original Cost Rate Base Pro forma Adjustments	All classes
B-3	RCND Rate Base Pro forma Adjustments	All classes
B-4	RCND by Major Plant Accounts	All classes
B-5	Computation of Working Capital	All classes
<b>C. Test Year Income Statements</b>		
C-1	Adjusted Test Year Income Statement	All classes
C-2	Income Statement Pro forma Adjustments	All classes
C-3	Computation of Gross Revenue Conversion Factor	All classes
<b>D. Cost of Capital</b>		
D-1	Summary Cost of Capital	All classes
D-2	Cost of Long Term and Short Term Debt	Classes A & B
D-3	Cost of Preferred Stock	Classes A & B
D-4	Cost of Common Equity	Classes A & B
<b>E. Financial Statements and Statistical Schedules</b>		
E-1	Comparative Balance Sheets	All classes
E-2	Comparative Income Statements	All classes
E-3	Comparative Statement of Changes in Financial Position	Classes A & B
E-4	Statement of Changes in Stockholders' Equity	Classes A & B
E-5	Detail of Utility Plant	Classes A & B
E-6	Comparative Departmental Operating Income Statements	All classes of combination utilities
E-7	Operating Statistics	All classes
E-8	Taxes Charged to Operations	Classes, A, B & C
E-9	Notes to Financial Statements	All classes

## Corporation Commission – Fixed Utilities

ARIZONA CORPORATION COMMISSION  
REGULATION R14-2-103

## APPENDIX

INDEX OF SCHEDULES  
(Continued)

Schedule No.	Title	Filing Required By
F. Projections and Forecasts		
F-1	Projected Income Statements - Present and Proposed Rates	All classes
F-2	Projected Charges in Financial Position - Present and Proposed Rates	Classes A & B
F-3	Projected Construction Requirements	Classes A & B - (3 years) Classes C & D - (1 year)
F-4	Assumptions Used in Developing Projections	All classes
G. Cost of Service Analyses		
G-1	Cost of Service Summary - Present Rates	Special requirement
G-2	Cost of Service Summary - Proposed Rates	Special requirement
G-3	Rate Base Allocation to Classes of Service	Special requirement
G-4	Expense Allocation to Classes of Service	Special requirement
G-5	Distribution of Rate Base by Function	Special requirement
G-6	Distribution of Expenses by Function	Special requirement
G-7	Development of Allocation Factors	Special requirement
H. Effect of Proposed Tariff Schedules		
H-1	Summary of Revenues by Customer Classification - Present and Proposed Rates	All classes
H-2	Analysis of Revenues by Detailed Class of Service - Present and Proposed Rates Classes	Classes A & B
H-3	Changes in Representative Rate Schedules	Class A, representative schedules; Classes B, C, & D all schedules
H-4	Typical Bill Analysis	All classes
H-5	Bill Count	All classes

EXHIBIT D  
**ARIZONA CORPORATION COMMISSION**

DOCKET NO. RU-00000A-13-0294



**RATE APPLICATION  
FOR WATER COMPANIES  
WITH ANNUAL GROSS OPERATING REVENUES  
(INCLUDING REQUESTED RATE RELIEF)  
OF LESS THAN \$250,000  
PER ARIZONA ADMINISTRATIVE CODE R14-2-103  
Details at website: [www.azcc.gov](http://www.azcc.gov)**

\_\_\_\_\_  
**UTILITY NAME**

\_\_\_\_\_  
**TEST YEAR ENDED**

**Required invoices to be submitted are listed in the checklist on page 1.**

You must complete ALL items in the application according to the instructions provided. If you have any questions regarding the application please call (602) 542-4251 for Staff assistance or see our website at: [www.azcc.gov](http://www.azcc.gov)

IN ORDER TO PROCESS YOUR APPLICATION  
PLEASE FORWARD THE ORIGINAL  
AND THIRTEEN COPIES OF THE  
**APPLICATION** PLUS  
THREE PACKETS WITH COPIES OF  
CHECKLIST ITEMS 5-11 (PAGE 1)

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL CENTER  
1200 WEST WASHINGTON STREET  
PHOENIX, ARIZONA 85007

DECISION NO. \_\_\_\_\_

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**WATER RATE APPLICATION CHECKLIST**

Please use the following checklist to ensure that all necessary attachments are included in the application. Provide an explanation for any omitted item. Please include 13 copies of this application in your application submission. Also, please include three packets with copies of checklist items 5-11.

**ORIGINAL APPLICATION PACKAGE ITEMS**

- ☐ 1. Please include 13 copies of this application in your submission. Also, Please include three packets with copies of checklist items 5-11.
- ☐ 2. The Arizona Department of Revenue ("ADOR") certificate of compliance letter of good standing. Use the Tax Clearance Application (Form# 25-0002) found on the ADOR website at <http://www.azdor.gov/Forms/Other.aspx>. (Send in the certificate of compliance with your application.)
- ☐ 3. The utility's most recent Arizona Department of Environmental Quality ("ADEQ") annual sampling fee invoice for its Monitoring Assistance Program.
- ☐ 4. Invoices for each plant asset purchase in excess of \$150 for the Test Year, as well as all of the intervening years since the utility's prior Test Year as itemized on page 13.

**Please provide 3 packets with copies of the following information to support entries on the Income Statement on page 19:**

- ☐ 5. A breakdown by name, position, salary, and duties for the Salaries and Wages expense. (Acct. 601)
- ☐ 6. Invoices for Purchased Water during the Test Year. (Acct. 610)
- ☐ 7. Invoices for Purchased Power during the Test Year. (Acct. 615)
- ☐ 8. Invoices for Repairs and Maintenance in excess of \$150 incurred during the Test Year. (Acct. 620)
- ☐ 9. Invoices for Outside Services in excess of \$150 incurred during the Test Year. (Acct. 630)
- ☐ 10. Invoices for Water Testing during the Test Year (Acct. 635)
- ☐ 11. Statements from the county for Property Tax expenses incurred during the Test Year. (Acct. 408.11)



**GENERAL INSTRUCTIONS**

Processing the request for a rate adjustment requires completion of ALL PARTS of this application. Complete the Narrative Description of the Application for Rate Adjustment on pages 3 and 4, as well as the statements on pages 5 and 6. Read the accompanying instructions and fill in the entries on pages 9 through 31. Dollar amounts should be rounded to the nearest dollar. NO ENTRY SHOULD BE LEFT BLANK. If an amount is zero, enter a zero. **Any application that is found to be insufficient will not be processed until the deficiencies are corrected per A.A.C. R14-2-103.B.7.**

A completed application also **requires** notification of customers of the rate request. The format of the customer notification letter is provided on page 32 of this application. Use the language and form of this letter in notifying customers. The customer notification **must** be provided to customers on the same date as the rate application is filed. A copy of this notice, together with a **notarized** cover letter stating the method of customer notification and the date the notification was sent to the customers, **must** accompany the application form.

Please provide any supplementary information the Company believes will assist in the evaluation of the rate request. For example, if expense items are substantially different from the latest annual report filed with the Commission, or if significant plant additions have been made since the prior rate increase, attach supporting explanations for those changes to the application. Clearly label any attachments and staple them to the application.

Selection of a Test Year for the utility is an important part of the application. A Test Year older than the year reflected in the most current Annual Report filed with the Utilities Division is usually considered outdated. Questions regarding the selection of a Test Year should be addressed to the Chief of Accounting and Rates at (602) 542-0743.

Please contact the Arizona Department of Revenue and request a certificate of compliance letter of good standing regarding taxes. Submit a copy of this compliance certificate.

After you have included all the required items from the checklist on the previous page, please submit the **original and thirteen copies** of the completed application with a cover sheet to:

Arizona Corporation Commission  
Docket Control Center  
1200 West Washington Street  
Phoenix, Arizona 85007

Also, please include **three packets** with copies of checklist items 5-11 in your application filing.

Instructions:

Please provide the reasons for your requested rate adjustment by checking the appropriate box(es) below. If desired, the Company may also attach a written narrative regarding its reasons for the requested rate adjustment. Your narrative may also include efforts made by the utility to control costs/expenses and/or mitigate the amount of rate adjustment.

- ☐ Changes in current, compared to past operations, that necessitate the rate adjustment  
Please explain:

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- ☐ Descriptions and/or calculations of adjustments made to amounts that are included in this application that are different than amounts recorded in your books/ledgers (pro forma adjustments)  
Please explain:

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- ☐ Significant factors influencing your revenues, expenses and/or rate base  
Please explain:

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- ☐ Anticipated growth/decline in customers expected in the next two years, the amount of anticipated construction to serve those customers, and how financed; the type of customers served by the utility, e.g. residential, irrigation, small retail businesses, large commercial, etc.  
Please explain:

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- ☐ Anticipated construction  
Please explain:

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☐

Efforts made to encourage conservation of water through the proposed rate design or through other means

Please explain:

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☐

Other factors

Please explain:

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***Attach additional pages as necessary.***

Company Name:	Test Year Ended:
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### AFFILIATE RELATIONSHIP

Please indicate a **yes** or **no** answer to the questions below and provide an explanation where necessary.

A parent-subsidary relationship, or affiliation, with another entity includes corporations, partnerships, sole proprietorship, limited liability corporations (LLCs), as well as common ownership of a water company and another entity, such as a development company or wastewater company.

Are any assets owned jointly with any affiliated or subsidiary entities?

☐ YES      ☐ NO

If **Yes**, please provide a description of each jointly owned asset, it's cost, and the percentage of the asset owned by the utility. (Please note the amounts reported on pages 13 and 15 should only include the percentage of plant owned by the utility.)

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Were any of the assets constructed or acquired from an affiliated or subsidiary entity?

☐ YES      ☐ NO

If **Yes**, please identify the affiliated entity, the relationship with the utility, and a detailed listing of all transactions reflected in the Plant accounts. Also include detail for other balance sheet accounts, such as Advances, Contributions in Aid of Construction, inter-company payables and receivables, as well as affiliated revenues and expenses from the Company's Income Statement.

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Complete the following statements in support of your rate request.

\_\_\_\_\_ (the "Company") requests an adjustment in the existing rates charged by the Company. The information contained in this application is based upon a twelve-month Test Year ending \_\_\_\_\_ (mm/dd/yy). The Company had total operating revenues of \$ \_\_\_\_\_, served \_\_\_\_\_ metered and \_\_\_\_\_ un-metered  
(from page 19)

customers, and sold \_\_\_\_\_ gallons of water during the Test Year.

(from page 18)

The Company is requesting a(n) increase/decrease in revenues in the amount of \$ \_\_\_\_\_.

Total annual operating revenues, if the Company is granted the rate adjustment, will be \$ \_\_\_\_\_.

The Company is current on all property taxes. ☐ YES ☐ NO

The Company is current on all sales taxes. ☐ YES ☐ NO  
(Please see checklist item 2 on page 1.)

The Company currently has a Curtailment  
Plan Tariff on file with the Commission ☐ YES ☐ NO

The Company currently has a Backflow Prevention  
Tariff on file with the Commission. ☐ YES ☐ NO

The Company notified its customers of its application for a rate adjustment on \_\_\_\_\_ (mm/dd/yy). **A COPY OF THE NOTICE WITH A NOTARIZED COVER LETTER STATING THE METHOD OF CUSTOMER NOTIFICATION, AS WELL AS THE DATE OF THE NOTIFICATION, MUST BE ATTACHED. (See page 32)**

By completing this application in support of the Company's request for a rate adjustment, the Company realizes that Original Cost Less Depreciation ("OCLD") plant information will be used to determine the fair value rate base, i.e., the Company waives the right to Reconstruction Cost New.

The utility company ownership is one of the following:

DOCKET NO. RU-00000A-13-0294

- ☐ Sole Proprietorship
- ☐ Partnership
- ☐ "C" Corporation
- ☐ "S" Corporation
- ☐ Limited Liability Corporation ("LLC")
- ☐ Association--Cooperative
- ☐ Other, please specify: \_\_\_\_\_

**Note: If a corporation, please list stockholders and the respective number of shares owned below.**

Stockholders	Number of Shares Owned

I have read and completed this application, and to the best of my knowledge all of the information contained herein, and attached to this application, is true and correct.

Name of Authorized Representative (print):	Company Name:
Title:	Address:
Signature:	
Date:	Phone Number:
E-mail Address:	Fax Number:
Website Address:	

**CURRENT AND PROPOSED RATES AND CHARGES INSTRUCTIONS**

Complete the schedule on page 9 showing rates and charges currently in effect, and those proposed by the Company. Specify the customer class or classes (i.e., residential, commercial, industrial, irrigation, all, or other classes) in the space provided.

**MONTHLY CHARGE:**

Enter the monthly minimum (or service) charge and gallons included in the minimum for each meter size. For example, enter "\$12.00 for zero gallons." Propose a monthly minimum (or service) charge for every meter size listed on page 9. Also, enter the commodity (or excess) charge for the gallonage the customer will be charged for gallons used over those included in the minimum charge. For example, enter "\$1.25 per 1,000 gallons." If excess charges vary with gallonage used, enter the rates and gallons covered in each tier of consumption in the space provided. For example:

First Tier	Up to 3,000 gallons	\$1.00 per 1,000 gallons
Second Tier	3,001 to 10,000 gallons	\$1.50 per 1,000 gallons
Third Tier	Over 10,000 gallons	\$2.50 per 1,000 gallons

If a flat rate, rather than a metered rate, is currently approved or proposed, enter the monthly rate in the space provided. A "flat rate" is a charge that is not based on gallons used. (For example, \$10.00 for all the water you can use.) If the Company currently has a flat rate and wishes to continue this rate, please contact the Chief of Accounting and Rates at 602-542-0743. It is likely that Staff will **not** recommend the continuation of such a rate.

Company Name:	Test Year Ended:
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**CURRENT AND PROPOSED RATES AND CHARGES**CUSTOMER CLASS: ☐ Residential ☐ Commercial ☐ Industrial☐ Irrigation ☐ All ☐ Other, specify \_\_\_\_\_**CURRENT RATES****PROPOSED RATES**

MINIMUM OR SERVICE CHARGES	\$ GALLONS	\$ GALLONS
5/8" x 3/4" Meter	for	for
3/4" Meter	for	for
1" Meter	for	for
1-1/2" Meter	for	for
2" Meter	for	for
3" Meter	for	for
4" Meter	for	for
6" Meter	for	for

GALLONS IN EXCESS OF MINIMUM
Commodity Charge in Excess of Minimum (Charge Per 1,000 Gallons)
First Tier
Second Tier
Third Tier
FLAT RATE

**Current Rates****Proposed Rates**

Rate	Gallons	Rate	Gallons
\$	Up to _____	\$	Up to _____
\$	_____ to _____	\$	_____ to _____
\$	Over _____	\$	Over _____
\$	Per Month	\$	Per Month

**Note:** If rates and charges vary across customer classes, duplicate the form and complete one for each rate class. (e.g., residential, commercial) unless "All" is checked.

DECISION NO. \_\_\_\_\_



**SERVICE CHARGES INSTRUCTIONS**

Listed below are current and proposed service charges as appropriate. Commission Rules should be consulted in proposing new service charges. Please list current and proposed rates on Page 11, as well as any service charges not listed below that the Company proposes to charge.

<b>Service Charge (Commission Rule)</b>	<b>Description</b>
Service Line and Meter Installation Charge (R14-2-405.B)	A refundable Advance in Aid of Construction paid by a new customer to cover the cost of installing all customer piping up to the meter, as well as the cost of installing the meter. Propose a charge for every meter size listed on page 11.
Establishment (R14-2-403.D.1)	A charge covering the cost to establish a new account for a person requesting service when the utility needs only to install a meter for initial establishment, reestablishment, or reconnection.
After Hours Service Charge (R14-2-403.D.2)	A charge covering the cost of establishment, re-establishment and reconnection-delinquent after normal hours at the customer's request or for the customer's convenience. *After Hours Service Charge will be in addition to the charge for any utility service provided.
Meter Test (R14-2-408.F)	A charge for testing the accuracy of a meter upon a customer's request. No charge will be levied if the meter is found to be in error by more than +/- three (3) percent.
Deposit (R14-2-403.B)	A refundable security deposit not exceeding two times the average residential class bill for residential customers, and not exceeding two and one-half times a non-residential customer's estimated maximum monthly bill.
Deposit Interest (R14-2-403.B.3)	Annual percentage interest rate applied to customer deposits. A six percent rate shall be applied if the company does not specify an interest rate with the Commission.
Re-establishment (R14-2-403.D.1)	A charge for service at the same location where the same customer had ordered a service disconnection within the preceding twelve-month period.
NSF Check (R14-2-409.F.1)	A fee for each instance where a customer tenders payment for utility service with an insufficient funds check.
Deferred Payment (R14-2-409.G.6)	Applicable monthly finance charges (interest rate) applied in a deferred payment agreement between the company and a customer.
Meter Re-read (R14-2-408.C.2)	Charge for a customer requested re-read of meter applicable when the original reading was found not to be in error.

DECISION NO. \_\_\_\_\_

Company Name:	Test Year Ended:
---------------	------------------

**CURRENT AND PROPOSED SERVICE CHARGES**CUSTOMER CLASS: ☐ Residential ☐ Commercial ☐ Industrial☐ Irrigation ☐ All ☐ Other, specify \_\_\_\_\_

SERVICE LINE AND METER INSTALLATION CHARGES	CURRENT CHARGES	PROPOSED CHARGES
5/8" X 3/4" Meter	\$	\$
3/4" Meter	\$	\$
1" Meter	\$	\$
1-1/2" Meter	\$	\$
2" Meter	\$	\$
3" Meter	\$	\$
4" Meter	\$	\$
6" Meter	\$	\$
Establishment	\$	\$
Reconnection (delinquent)	\$	\$
After Hours Service Charge	\$	\$
Meter Test	\$	\$
Deposit	\$	\$
Deposit Interest	%	%
Re-establishment (within 12 months)	\$	\$
NSF Check	\$	\$
Deferred Payment	%	%
Meter Re-read	\$	\$
Late Fee	\$	\$

**Note:** If rates and charges vary across customer classes, duplicate the form and complete one for each rate class. (e.g., residential, commercial) unless "All" is checked.

DECISION NO. \_\_\_\_\_

**UTILITY PLANT IN SERVICE INSTRUCTIONS****Instructions for Page 13**

Begin the computation of utility plant in service by completing the worksheet on page 13 labeled Plant Additions and Retirements by Year. On this worksheet insert the dollar amount of plant additions and retirements for each account by year. Provide all additions and retirements for all years beginning with the Test Year in the prior rate case and ending with the test year used in this application. If there are more than two intervening years, make copies of page 13 to report all intervening years.

**Instructions for Page 14**

Upon completion of the above task, please add all additions on page 13 per plant account and enter the total on page 14 (Plant Summary), column B (Total Additions). Similarly, add all retirements by plant account and enter the total on page 14, column C (Total Retirements).

To assist you in the completion of page 14, please refer to the Commission Decision issued in the Company's prior rate case. That Decision established the value for the Original Cost of the plant and accumulated depreciation at the end of the prior test year. It may be necessary to refer to the associated Staff Report for individual account detail relating to the totals listed in the Decision.

Place the original cost of the plant in service per the prior decision in column A (Plant in Service Per Prior Decision).

Complete column D (Test Year End Total), of page 14, for each plant account by adding column A and B and subtracting column C.

The totals calculated by plant must then be copied to page 15 (Utility Plant in Service), in the column titled Original Cost.

**Instructions for Page 15**

The Test Year End Totals by plant account on page 14 must be recorded to the Utility Plant in Service worksheet on page 15, in the column titled Original Cost. The second column (Accumulated Depreciation) will include the accumulated depreciation as stated in the Commission's prior Decision plus each year's depreciation expense since the prior Test Year. The third column, Original Cost Less Depreciation is calculated by subtracting Accumulated Depreciation from Original Cost for each account.

***Note: For assistance with any of the above, please contact the Chief of Accounting and Rates at 602-542-0743.***

DECISION NO. \_\_\_\_\_

Company Name:	Test Year Ended:
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**Plant Additions and Retirements by Year**

Acct. No.	Description	Year ____		Year ____	
		Additions	Retirements	Additions	Retirements
301	Organization				
302	Franchises				
303	Land & Land Rights				
304	Structures & Improvements				
307	Wells & Springs				
311	Pumping Equipment				
320	Water Treatment Equipment				
320.1	Water Treatment Plants				
320.2	Solution Chemical Feeders				
330	Distribution Reservoirs & Standpipes				
330.1	Storage Tanks				
330.2	Pressure Tanks				
331	Transmission & Distrib. Mains				
333	Services				
334	Meters & Meter Installations				
335	Hydrants				
336	Backflow Prevention Devices				
339	Other Plant & Misc. Equipment				
340	Office Furniture & Equipment				
340.1	Computers & Software				
341	Transportation Equipment				
343	Tools, Shop & Garage Equip.				
344	Laboratory Equipment				
345	Power Operated Equipment				
346	Communication Equipment				
347	Miscellaneous Equipment				
348	Other Tangible Plant				
	<b>TOTAL WATER PLANT</b>				

*Note: Enter all additions and retirements, by year, from the prior test year through the end of the current test year. Enter the totals for the additions and retirements for all intervening years on page 14, Columns B and C, respectively.*

DECISION NO. \_\_\_\_\_

Company Name:	Test Year Ended:
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**Plant Summary**

Acct. No.	Description	Plant in Service Per Prior Decision	Total Additions	Total Retirements	Test Year End Total
		<i>Column A</i>	<i>Column B</i>	<i>Column C</i>	<i>Column D*</i>
301	Organization				
302	Franchises				
303	Land & Land Rights				
304	Structures & Improvements				
307	Wells & Springs				
311	Pumping Equipment				
320	Water Treatment Equipment				
320.1	Water Treatment Plants				
320.2	Solution Chemical Feeders				
330	Distribution Reservoirs & Standpipes				
330.1	Storage Tanks				
330.2	Pressure Tanks				
331	Transmission & Distrib. Mains				
333	Services				
334	Meters & Meter Installations				
335	Hydrants				
336	Backflow Prevention Devices				
339	Other Plant & Misc. Equipment				
340	Office Furniture & Equipment				
340.1	Computers & Software				
341	Transportation Equipment				
343	Tools, Shop & Garage Equip.				
344	Laboratory Equipment				
345	Power Operated Equipment				
346	Communication Equipment				
347	Miscellaneous Equipment				
348	Other Tangible Plant				
	<b>TOTAL WATER PLANT</b>				

**Note: Please refer to the checklist on page 1 for the required attachments related to this schedule**

**\* Column D = Column A + Column B - Column C**

DECISION NO. \_\_\_\_\_

Company Name:	Test Year Ended:
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**UTILITY PLANT IN SERVICE**

Acct No.	Description	Original Cost	Accumulated Depreciation	OCLD
		<i>Column A</i>	<i>Column B</i>	<i>Column C**</i>
301	Organization			
302	Franchises			
303	Land & Land Rights		N/A	
304	Structures & Improvements			
307	Wells & Springs			
311	Pumping Equipment			
320	Water Treatment Equipment			
320.1	Water Treatment Plants			
320.2	Solution Chemical Feeders			
330	Distribution Reservoirs & Standpipes			
330.1	Storage Tanks			
330.2	Pressure Tanks			
331	Transmission & Distrib. Mains			
333	Services			
334	Meters & Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant & Misc. Equipment			
340	Office Furniture & Equipment			
340.1	Computers & Software			
341	Transportation Equipment			
343	Tools, Shop & Garage Equip.			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTAL WATER PLANT</b>	*		

\* Must be the same as the amount reported on page 20

\*\*Column C = Column A - Column B

DECISION NO. \_\_\_\_\_

Company Name:	Test Year Ended:
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**WATER COMPANY PLANT DESCRIPTION****WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (inches)	Meter Size (inches)	Year Drilled

\* Arizona Department of Water Resources Identification Number

**OTHER WATER SOURCES**

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

**BOOSTER PUMPS**

Horsepower	Quantity

**FIRE HYDRANTS**

Quantity Standard	Quantity Other

**STORAGE TANKS**

Capacity	Quantity

**PRESSURE TANKS**

Capacity	Quantity

DECISION NO. \_\_\_\_\_

Company Name:

Test Year Ended:

**WATER COMPANY PLANT DESCRIPTION CONTINUED****MAINS**

Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6		
8		
10		
12		

**CUSTOMER METERS**

Size (in inches)	Quantity
5/8 x 3/4	
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, please list the utility owned assets in each category.

**TREATMENT EQUIPMENT:**


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**STRUCTURES:**


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**OTHER:**


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DECISION NO. \_\_\_\_\_



## WATER USE DATA SHEET

NAME OF COMPANY	
ADEQ Public Water System Number:	

MONTH/YEAR (12 Months of Test Year)	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.			
12.			
TOTAL	N/A	*	**

Is the water utility located in an ADWR Active Management Area ("AMA")?

☐ YES ☐ NO

Does the Company have an ADWR gallons per capita day ("GPCD") requirement?

☐ YES ☐ NO

If Yes, please provide the GPCD amount: \_\_\_\_\_

*Note: If you are filing for more than one system, please provide separate data sheets for each system. For explanation of any of the above, please contact the Engineering Supervisor at 602-542-7277.*

\* This number must be equal to the number entered on Page 6, "sold gallons."

\*\* Gallons pumped cannot equal or be less than the gallons sold.

DECISION NO. \_\_\_\_\_

Company Name:	Test Year Ended:
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**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	TEST YEAR
461	Metered Water Revenue	\$	\$
460	Unmetered Water Revenue		
474	Other Water Revenues		
	<b>TOTAL OPERATING REVENUES</b>	\$	\$ *
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages (See page 1, item 4)	\$	\$
610	Purchased Water (See page 1, item 5)		
615	Purchased Power (See page 1, item 6)		
618	Chemicals		
620	Repairs and Maintenance (See page 1, item 7)		
621	Office Supplies and Expense		
630	Outside Services (See page 1, item 8)		
635	Water Testing (See page 1, item 9)		
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability		
659	Insurance – Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense		
403	Depreciation Expense (From page 20)		
408	Taxes Other Than Income		
408.11	Property Taxes (See page 1, item 10)		
409	Income Tax		
	<b>TOTAL OPERATING EXPENSES</b>	\$	\$
	<b>OPERATING INCOME/(LOSS)</b>	\$	\$
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	\$	\$
	<b>NET INCOME/(LOSS)</b>	\$	\$

**Note:** Do not include sales tax in revenue or expense. Please refer to the checklist on page 1 for the required attachments related to this schedule.

\* This number must be identical to the number entered on page 6 "total operating revenues."

DECISION NO. \_\_\_\_\_

Company Name:	Test Year Ended:
---------------	------------------

**CALCULATION OF DEPRECIATION EXPENSE**

Acct. No..	Description	Original Cost	Depreciation Percentage	Depreciation Expense
		<i>Column A</i>	<i>Column B</i>	<i>Column C*</i>
301	Organization			
302	Franchises			
303	Land & Land Rights		N/A	
304	Structures & Improvements			
307	Wells & Springs			
311	Pumping Equipment			
320	Water Treatment Equipment			
320.1	Water Treatment Plants			
320.2	Solution Chemical Feeders			
330	Distribution Reservoirs & Standpipes			
330.1	Storage Tanks			
330.2	Pressure Tanks			
331	Transmission & Distrib. Mains			
333	Services			
334	Meters & Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant & Misc. Equipment			
340	Office Furniture & Equipment			
340.1	Computers & Software			
341	Transportation Equipment			
343	Tools, Shop & Garage Equip.			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTAL WATER PLANT</b>			

**Note:** Use Test Year ending balances for column 1, and approved depreciation rates from the prior rate case in column 2.

**\* Column C = Column A x Column B**

DECISION NO. \_\_\_\_\_

Company Name:	Test Year Ended:
---------------	------------------

**BALANCE SHEET**

Acct. No.		BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF TEST YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$	\$
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$	\$
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$	\$ *
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant ("AD-UP")		(\$ )**
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility ("AD-NU")		(\$ )
	<b>TOTAL FIXED ASSETS</b>	\$	\$
	<b>TOTAL ASSETS</b>	\$	\$

**Note:** Total Assets on this page should equal the sum of Total Liabilities and Total Capital on page 22. Also, numbers in parentheses should be subtracted. For example, Accounts 108 and 122 should be subtracted from Total Fixed Assets.

\* Must equal page 15, original cost

\*\* Must equal page 15, accumulated depreciation

DECISION NO. \_\_\_\_\_

Company Name:	Test Year Ended:
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**BALANCE SHEET (CONTINUED)**

	<b>LIABILITIES</b>	<b>BALANCE AT BEGINNING OF TEST YEAR</b>	<b>BALANCE AT END OF TEST YEAR</b>
	<b>CURRENT LIABILITIES</b>		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	\$	\$
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$	\$
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		\$ *
255	Accumulated Deferred Investment Tax Credits		
271	Gross Contributions in Aid of Construction		\$ **
272	Less: Amortization of Contributions		(\$ )
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$	\$
	<b>TOTAL LIABILITIES</b>	\$	\$
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$	\$
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$	\$

*Note: Account 272 should be subtracted from Total Deferred Credits.*

*\* Must equal page 24, Total Advances in Aid of Constructions*

*\*\* Must equal page 25, Total Advances*

DECISION NO. \_\_\_\_\_

Company Name:

Test Year Ended:

**SUPPLEMENTAL FINANCIAL DATA**  
**Long-Term Debt<sup>1</sup>**

	LOAN #1*	LOAN #2*	LOAN #3*	LOAN #4*
Date Issued				
Source of Loan				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Net Proceeds	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate				
Current Year Interest	\$	\$	\$	\$
Current Year Principal	\$	\$	\$	\$
Authority Granted By ACC Decision No.				

***A.R.S. 40-301 requires ACC approval of long-term debt. If the Commission has not approved any of the above loans, then please submit an application requesting approval of the above loans.***

Meter Deposit Balance – Test Year

\$

Meter Deposits Refunded During the Test Year

\$

DECISION NO. \_\_\_\_\_

<sup>1</sup>List all bonds, notes, loans, and other types of indebtedness in which the proceeds were used in the provision of public utility service. Indebtedness incurred for personal uses by the owner of the utility should not be listed.

Company Name:	Test Year Ended:
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**ADVANCES IN AID OF CONSTRUCTION (Acct. 252)<sup>2</sup>**

	Additions During Year	Refunds During Year	
Balance Per Prior Decision	N/A	N/A	\$
Year	\$	\$	
Year	\$	\$	
Year	\$	\$	
Year	\$	\$	
Year	\$	\$	
Year	\$	\$	
Year	\$	\$	
Year	\$	\$	
Year	\$	\$	
Year	\$	\$	
Year	\$	\$	
Year	\$	\$	
Year	\$	\$	
Year	\$	\$	
Year	\$	\$	
Total of Additions	\$	N/A	
Total of Refunds	N/A	\$	
Total Advances in Aid of Construction	N/A	N/A	\$ *

*Note: Prior Decision refers to the balances per the prior Staff Report as adjusted per the final Commission Decision.*

*\* Total Advances in Aid of Construction = Balance Per Prior Decision + Total Additions - Total Refunds (cross reference this to the Balance Sheet on page 22)*

<sup>2</sup> *Advances in Aid of Construction refers to the following:*

- (1) Refundable amounts received from a new customer to cover the cost of a meter and piping from the building to the meter and the associated installation.*
- (2) Refundable amounts received from a customer or a developer for mains, valves, fittings, and additional facilities required to provide pressure, storage, or water supply pursuant to a main extension agreement.*

DECISION NO. \_\_\_\_\_

Company Name:	Test Year Ended:
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**GROSS CONTRIBUTIONS IN AID OF CONSTRUCTION (Acct. 271)<sup>3</sup>**

Balance Per Prior Decision	N/A	\$
Additions Year	\$	
Additions Year	\$	
Additions Year	\$	
Additions Year	\$	
Additions Year	\$	
Additions Year	\$	
Additions Year	\$	
Additions Year	\$	
Additions Year	\$	
Additions Year	\$	
Additions Year	\$	
Additions Year	\$	
Additions Year	\$	
Additions Year	\$	
Additions Year	\$	
Total Additions	N/A	\$
Balance at Test Year End	N/A	\$ *

**Note:** Prior Decision refers to the balances per the prior Staff Report as adjusted per the final Commission Decision.

\* Balance at Test Year End = Balance Per Prior Decision + Total Additions (cross reference this to the Balance Sheet on page 22)

<sup>3</sup> Contributions in Aid of Construction refers to the following:

- (1) Non-refundable money, services, or property received for use in the provision of utility service from any source that is provided at no cost and interest free.
- (2) Unrefunded balances of expired advance contracts reclassified from Advances in Aid of Construction.

DECISION NO. \_\_\_\_\_



**BILL COUNT INSTRUCTIONS**

A quarterly Bill Count must be provided for each of the meter sizes the Company had in service during the Test Year. If you had more than one meter size in service, reproduce the forms on pages 27 through 31, inclusive, so that you will submit one set of Bill Count forms (i.e. one Bill Count for each quarter and a Bill Count Summary), for each meter size. An item such as a metered standpipe would be considered to be a different size meter, since it may have a different tariff rate than the other size meters.

A Bill Count Summary sheet is provided on page 31. Please note that each bill over 100,000 gallons should be shown separately. The number of bills in each line will be added to produce a total of all bills at the bottom of the page.

The first step in producing the Bill Count is to collect all monthly bills rendered for metered water sales during the 12 months of the Test Year. The collection of bills must include bills to part-time customers and to customers who are no longer on the system, but who were on the system for any part of the Test Year.

Only include bills for water sold during the Test Year. For example, assume that the Test Year runs from January 1<sup>st</sup> to December 31<sup>st</sup> (calendar year) and you normally bill on January 5<sup>th</sup>. The bill sent out at that time would cover December 1<sup>st</sup> through 31<sup>st</sup> usage of the prior year and should not be included. The first billing to be used for the year would be the February 5<sup>th</sup> billing and the last billing to be used would be the billing of January 5<sup>th</sup> of the succeeding year.

Sort the bills by each quarter, by meter size, so that a separate bill count is produced for each three-month period by meter size. On each quarterly Bill Count sheet, place a tally for each bill in the appropriate gallonage range. After tallying each bill, add the tallies in each gallonage range and report the tally totals in the column provided.

*Note: For explanation of any of the above, please contact the Chief of Accounting and Rates at 602-542-0743.*

DECISION NO. \_\_\_\_\_

Company Name:	Test Year Ended:
Meter Size:	1 <sup>st</sup> Quarter Ended:

**BILL COUNT WORKSHEET 1<sup>ST</sup> QUARTER**

GALLONAGE RANGE	NUMBER OF BILLS	TOTAL BILLS FOR 1 <sup>st</sup> QUARTER
- 0 -		
1 to 1,000		
1,001 to 2,000		
2,001 to 3,000		
3,001 to 4,000		
4,001 to 5,000		
5,001 to 6,000		
6,001 to 7,000		
7,001 to 8,000		
8,001 to 9,000		
9,001 to 10,000		
10,001 to 12,000		
12,001 to 14,000		
14,001 to 16,000		
16,001 to 18,000		
18,001 to 20,000		
20,001 to 25,000		
25,001 to 30,000		
30,001 to 35,000		
35,001 to 40,000		
40,001 to 50,000		
50,001 to 60,000		
60,001 to 70,000		
70,001 to 80,000		
80,001 to 90,000		
90,001 to 100,000		
Over 100,000 (List actual gallons, e.g., 120,000)		
Total Bills		

DECISION NO. \_\_\_\_\_

Company Name:	Test Year Ended:
Meter Size:	2 <sup>nd</sup> Quarter Ended:

**BILL COUNT WORKSHEET 2<sup>ND</sup> QUARTER**

GALLONAGE RANGE	NUMBER OF BILLS	TOTAL BILLS FOR 2 <sup>nd</sup> QUARTER
- 0 -		
1 to 1,000		
1,001 to 2,000		
2,001 to 3,000		
3,001 to 4,000		
4,001 to 5,000		
5,001 to 6,000		
6,001 to 7,000		
7,001 to 8,000		
8,001 to 9,000		
9,001 to 10,000		
10,001 to 12,000		
12,001 to 14,000		
14,001 to 16,000		
16,001 to 18,000		
18,001 to 20,000		
20,001 to 25,000		
25,001 to 30,000		
30,001 to 35,000		
35,001 to 40,000		
40,001 to 50,000		
50,001 to 60,000		
60,001 to 70,000		
70,001 to 80,000		
80,001 to 90,000		
90,001 to 100,000		
Over 100,000 (List actual gallons, e.g., 120,000)		
Total Bills		

DECISION NO. \_\_\_\_\_

Company Name:	Test Year Ended:
Meter Size:	3 <sup>rd</sup> Quarter Ended:

**BILL COUNT WORKSHEET 3<sup>RD</sup> QUARTER**

GALLONAGE RANGE	NUMBER OF BILLS	TOTAL BILLS FOR 3 <sup>rd</sup> QUARTER
- 0 -		
1 to 1,000		
1,001 to 2,000		
2,001 to 3,000		
3,001 to 4,000		
4,001 to 5,000		
5,001 to 6,000		
6,001 to 7,000		
7,001 to 8,000		
8,001 to 9,000		
9,001 to 10,000		
10,001 to 12,000		
12,001 to 14,000		
14,001 to 16,000		
16,001 to 18,000		
18,001 to 20,000		
20,001 to 25,000		
25,001 to 30,000		
30,001 to 35,000		
35,001 to 40,000		
40,001 to 50,000		
50,001 to 60,000		
60,001 to 70,000		
70,001 to 80,000		
80,001 to 90,000		
90,001 to 100,000		
Over 100,000 (List actual gallons, e.g., 120,000)		
Total Bills		

DECISION NO. \_\_\_\_\_

Company Name:	Test Year Ended:
Meter Size:	4 <sup>th</sup> Quarter Ended:

**BILL COUNT WORKSHEET 4<sup>TH</sup> QUARTER**

GALLONAGE RANGE	NUMBER OF BILLS	TOTAL BILLS FOR 4 <sup>th</sup> QUARTER
- 0 -		
1 to 1,000		
1,001 to 2,000		
2,001 to 3,000		
3,001 to 4,000		
4,001 to 5,000		
5,001 to 6,000		
6,001 to 7,000		
7,001 to 8,000		
8,001 to 9,000		
9,001 to 10,000		
10,001 to 12,000		
12,001 to 14,000		
14,001 to 16,000		
16,001 to 18,000		
18,001 to 20,000		
20,001 to 25,000		
25,001 to 30,000		
30,001 to 35,000		
35,001 to 40,000		
40,001 to 50,000		
50,001 to 60,000		
60,001 to 70,000		
70,001 to 80,000		
80,001 to 90,000		
90,001 to 100,000		
Over 100,000 (List actual gallons, e.g., 120,000)		
Total Bills		

DECISION NO. \_\_\_\_\_

Company Name:	Test Year Ended:
Meter Size:	

**BILL COUNT SUMMARY**

	1 <sup>st</sup> Qtr	2 <sup>nd</sup> Qtr	3 <sup>rd</sup> Qtr	4 <sup>th</sup> Qtr	Total
- 0 -					
1 to 1,000					
1,001 to 2,000					
2,001 to 3,000					
3,001 to 4,000					
4,001 to 5,000					
5,001 to 6,000					
6,001 to 7,000					
7,001 to 8,000					
8,001 to 9,000					
9,001 to 10,000					
10,001 to 12,000					
12,001 to 14,000					
14,001 to 16,000					
16,001 to 18,000					
18,001 to 20,000					
20,001 to 25,000					
25,001 to 30,000					
30,001 to 35,000					
35,001 to 40,000					
40,001 to 50,000					
50,001 to 60,000					
60,001 to 70,000					
70,001 to 80,000					
80,001 to 90,000					
90,001 to 100,000					
Over 100,000 (List actual gallons, e.g., 120,000)					
Total Bills					

DECISION NO. \_\_\_\_\_

## CUSTOMER NOTIFICATION

\_\_\_\_\_ (Company Name) has applied to the Arizona Corporation Commission for an adjustment in rates. The current rates have been in effect since \_\_\_\_\_ (mm/yy). A(n) increase/decrease in rates is necessary at this time due to \_\_\_\_\_ (reason for the Company's request for a rate adjustment as summarized from pages 3 and 4). Based on the Company's unaudited Test Year results, (Company Name) realized an operating income/loss of \$ \_\_\_\_\_. The Company is requesting a revenue increase/decrease of \$ \_\_\_\_\_ or \_\_\_\_\_ % of total revenues. Please see the attached pages 9 and 11 of the Company's application for the current and proposed rates.

The Application is available for inspection during regular business hours at the offices of the Commission in Phoenix at 1200 West Washington Street (for Tucson, call 800-535-0148 if located outside the Tucson local calling area or 520-628-6555 if inside the Tucson local calling area) and at *[name of Company and address]*. Please be advised that the rates and charges ultimately approved by the Commission may be higher or lower than the rates and charges requested in the Application.

Customer input is an important part of the Commission's analysis of the requested adjustment and is a factor in determining whether a hearing will be conducted. Customers should bring to the Commission's attention any questions or concerns related to the Company's Application, including service, billing procedures or other factors important in determining the reasonableness of charges. Customers may have the right to intervene in this matter. Customers wishing to communicate with the Commission, or request information on intervention in the proceeding, should contact the Commission's Consumer Services Section at 800-222-7000 (if located outside the Phoenix local calling area) or 602-542-4251 in the Phoenix local calling area. Customers may also contact the Tucson Commission office by calling 800-535-0148 (if located outside the Tucson local calling area) or 520-628-6555 in the Tucson local calling area.

Customers are advised that the Commission may act upon the Application without a hearing. Regardless of whether a formal hearing is held, customer comments submitted in writing will be placed in the office file, which the Commission reviews prior to making its final decision on the Application. It is important that customers contact the Commission within 15 days of the receipt of this notice so that the Commission's Staff can consider customer comments and concerns in developing its recommendations to the Commission.

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Phoenix Office  
Arizona Corporation  
Commission  
1200 W. Washington St.  
Phoenix, AZ 85007  
(602) 542-4251  
(800) 222-7000

**Utilities Division**  
**Steven M. Olea - Director**

Tucson Office  
Arizona Corporation  
Commission  
400 W. Congress, Ste. 218  
Tucson, AZ 85701  
(520) 628-6550  
(800) 535-0148

Electric Gas Telephone Water / Sewer Consumer Services

**APPLICATIONS AND FORMS**

**WATER AND SEWER UTILITIES**

All documents officially filed with the Corporation Commission must go through the Docket Control Center. Below are instructions and applications to assist you. We will be adding and updating these documents on an ongoing basis.

These files have been created using Adobe Acrobat.

**DOCKET CONTROL CENTER**

Docket Control Center Filing Information

Compliance Filing Instructions

**INTERVENTION**

- Motion to Intervene Instructions

**ATTENTION**

**Water Companies with ACC Water Conservation Tariffs**

The ACC sometimes requires a water company to implement best management practices (BMPs) selected from Arizona Department of Water Resources list of BMPs. For more information go to: [www.azwater.gov/MNPCCP](http://www.azwater.gov/MNPCCP)

- BMP Template - Public Education
- BMP 1.1 Template - Local / Regional Messaging Program
- BMP 1.2 Template - Special Events and Community Presentations
- BMP 2.1 Template - Adult Education
- BMP 2.2 Template - Youth Conservation Education Program
- BMP 2.3 Template - New Homeowner Landscape Information
- BMP 2.4 Template - Xeriscape Demonstration Garden
- BMP 3.1 Template - Residential Audit Program
- BMP 3.2 Template - Landscape Consultation
- BMP 3.3 Template - Water Budgeting Program (Non-residential)
- BMP 3.4 Template - Residential Interior Retrofit Program
- BMP 3.6 Template - Customer High Water Use Inquiry Resolution
- BMP 3.7 Template - Customer High Water Use Notification
- BMP 3.8 Template - Water Waste Investigations and Information
- BMP 4.1 Template - Leak Detection Program
- BMP 4.2 Template - Meter Repair and/or Replacement
- BMP 4.3 Template - Water System Audit
- BMP 5.1 Template - Low Water Use Landscaping Requirements (Residential, Multi-Family, Non-residential and/or Common Areas)
- BMP 5.2 Template - Water System Tampering
- BMP 5.5 Template - Low Water Use Landscaping Requirements for Model Homes in New Residential Developments
- BMP 5.9 Template - Requirements for Hot Water Recirculation Devices

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- BMP 5.13 Template - Water Use Plan for New Non-Residential Users
- BMP 6.12 Template - Large Landscape Conservation Program
- BMP 7.3 Template - Evaluate of New and Emerging Technologies and Practices
- BMP 7.6 Template - Development of Industry Partnerships
- BMP 7.8 Template - Piloting a New Initiative, Project or Program

- Application for a CC&N
- Application for Approval of the Sale of Assets and/or Transfer of CC&N
- Application for Approval of the Sale of Assets and/or Cancellation of the Certificate of Convenience and Necessity
- Application for an Extension of CC&N
- Application for Approval of the Deletion of a Portion of the CC&N
- Application for Adjudication Not a Public Service Corporation
- Curtailment Tariff Consecutive System (Revised 10-21-09)
- Curtailment Tariff Standard System (Revised 10-21-09)
- Cross Connection/Backflow Tariff (Revised 4-3-08)
- Off-Site Water Hook-up Fee Tariff (Revised 10-26-11)
- Off-Site Wastewater Hook-up Fee (Revised 10-26-11)
- Main Extension Agreements (Updated 11-03-10)
- Meter Test Authorization
- Point of Use Treatment Device Tariff
- Water Outage Form (08-12-11)

#### RATE APPLICATIONS

- Water Companies with Annual Gross Operating Revenues (Including Requested Rate Relief) of Less than \$250,000 (Updated 11-2011) Class D and E water utilities only. For questions regarding SEWER Company applications (Class D and E) contact the Utilities Division at (602) 542-4251.
- Utilities with Annual Gross Operating Revenues (Including Requested Rate Relief) in Excess of \$250,000 (Revised 6-23-03) This link will take you to the Arizona Secretary of State's website, Administrative Code R-14-2-103, which includes the appropriate application for Class A, B and C utilities.

In addition to the Appendix schedule formats, delineated in R-14-2-103.B.1, applications for Class A, B, or C utilities shall contain the following additional information. This information is authorized pursuant to R14-2-103.B.5, which allows the Commission to request supplementary information in addition to that specifically required for A, B, C, or D utilities in R14-2-103.B.1.

1. The utility's most recent ADEQ annual sampling fee invoice for its Monitoring Assistance Program, if the water utility participates in the program.
2. The amount of water sold and the amount of water pumped during the last 12 months should be provided. Please note if fire hydrants or fire flow is provided. Interconnections with other private water systems or cities, and the capacity of those interconnections should be noted. If the rate application includes multiple public water systems as defined by ADEQ, then the water use data should be specific to each of the public water systems. A suggested format is included in the supplemental form link below. This suggested format is illustrative and the applicant's specific formats may vary from that suggested below. However, the substantive information must be contained in the applicant's schedules or forms. For sewer utilities, please use the specific utility forms.
3. Please provide an inventory of the major plant in service. If the rate application includes multiple public water systems as defined by ADEQ, then the inventory should be specific to each of the public water systems in this rate application. Major plant in service includes, but is not limited to, surface water treatment plants, wells, groundwater treatment equipment (i.e. iron removal, disinfection, etc), storage tanks, booster pumps, pressure tanks, distribution mains, and meters. A suggested format is included in the supplemental form link below. This suggested format is illustrative and the applicant's specific formats may vary from that suggested below. However, the substantive information must be contained in the applicant's schedules or forms. For sewer utilities, please use the specific utility forms.
4. If it has not been previously filed, the application should include a copy of the proposed curtailment tariff, and/or cross connection/backflow tariff. Suggested formats for these two tariffs can be found in the form links, above.
5. Supplemental Forms for Class A, B and C utilities

Water Plant Inventory and Water Use Data Sheet (updated 11-2010)

Sewer Plant Inventory and Sewer Flows

Water Use Data Sheet (Updated 11-2010)

The Rates and Charges contained in these documents reflect Staff's general recommendations. Any specific submittal will be subject to Staff Review and recommendation, as well as Commission review, change, update and approval.

Service Line Meter Installation Charges

Depreciation Rates (Water)

DECISION NO. \_\_\_\_\_

Depreciation Rates (Wastewater)

**RATE REVIEW FORM**

Class C, D, and E Rate Review Form

**FINANCE APPLICATION**

Finance Application

**SUBPOENA FORMS**

- Application for Administrative Subpoena
- Administrative Subpoena
- Application for Administrative Subpoena Duces Tecum
- Administrative Subpoena Duces Tecum

**ESTIMATE OF GROSS OPERATING REVENUE**

Estimate of Gross Operating Revenues; Compliance with Arizona Revised Statutes, Section 40-401.E

**ANNUAL REPORTS**

**2012**

- Sewer Annual Report (PDF Version)
- Water Annual Report (PDF Version)
- Combined Water & Sewer Annual Report (PDF Version) for Companies that provide both Water and Sewer that have the same docket number.

**2013**

- Sewer Annual Report (PDF Version)
- Water Utility Report (PDF Version)
- Combined Water & Sewer Annual Report (PDF Version) for Companies that provide both Water and Sewer

**QUICK LAUNCH...**



DECISION NO. \_\_\_\_\_

**ECONOMIC, SMALL BUSINESS AND CONSUMER IMPACT STATEMENT  
PER A.R.S. § 41-1057**

1. **NEED:** The proposed rule changes are necessary to update the revenue thresholds used to establish the utility classifications. Proponents of the proposed rule changes believe they will reduce regulatory lag, streamline Commission processes and reduce rate case expense.
2. **AFFECTED CLASSES OF PERSONS:**
  - A. Commission-regulated utilities
  - B. customers of Commission-regulated utilities
  - C. intervenors in utility rate cases
  - D. Arizona Corporation Commission
3. **RULE IMPACT ON AFFECTED CLASSES OF PERSONS:**
  - A. Fewer utilities must comply with the Commission's Affiliated Interests Rules, Energy Efficiency Rules, and Cooperative Streamlining Rules. Utilities' rate case filing, accounting and time clock requirements, and the eligibility for submitting a rate case via a short form application will change.
  - B. Utility cases will be processed faster.
  - C. The Commission will be required to process more utilities' rate cases within 120 days. Commission rules require the Commission to process Class E utility rate cases within 120 days. The number of Class E utilities will increase from approximately 200 to approximately 320.
4. **COST AND BENEFITS TO THE AGENCY:** The Commission will have to process more utility rate cases within the 120 days.
5. **COST AND BENEFITS TO POLITICAL SUBDIVISIONS:** There will be no impact to political subdivisions because the Commission does not have jurisdiction over political subdivisions and the Rules do not apply to them.
6. **COST AND BENEFITS TO PRIVATE PERSONS:** Customers of utilities will benefit if rate case expense declines and if reducing regulatory lag improves the financial health and stability of regulated utilities. Customers and intervenors may be negatively impacted by having less time to scrutinize and participate in utility rate cases.
7. **COST AND BENEFITS TO SMALL BUSINESS:** The small businesses that are regulated by the Commission as public service corporations generally support the proposed changes as a mechanism to reduce regulatory lag, streamline Commission processes and reduce rate case expense. Small businesses that are customers of public service corporations have not expressed opposition to the proposed changes.
8. **LESS COSTLY OR INTRUSIVE METHODS:** The amendments to the rules are the least costly or intrusive method to update the utility classifications.

9. **ALTERNATIVE METHODS CONSIDERED:** There are no alternative methods available to update the utility classifications.